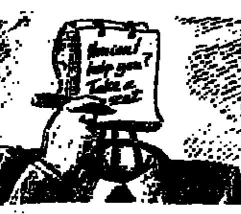
هكذا من الاصل



When yes means no
The follies of macho-management
Samuel Brittan, Page 12

Ten years on
State sell-offs: success or failure?
Page 13

Milk round
Promoting the virtues of UHT
Page 9

Taxing energy
Why the EU agreed to disagree
Page 2

FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY DECEMBER 22 1994

D8523A

N Korean gesture raises hope for captured pilot

North Korea said it would release the body of a US air force crewman killed in a helicopter that crashed on its territory at the weekend, raising hopes that the surviving crewman might be able to return home for Christmas. North Korea's initial silence on the US request for its crewmen and helicopter to be returned had raised fears the incident could scupper the deal struck in October whereby North Korea agreed to dismantle facilities that could be used for making nuclear weapons. Page 14

Letter reveals split over Russian reform

A letter from General Alexander Korzhakov, head of President Boris Yeltsin's security service, to prime minister Victor Chernomyrdin (left), reveals a bitter struggle within the Russian government over the direction of economic reform. The letter directs Mr Chernomyrdin to review decisions to liberalise oil exports, which will narrow the large gap between domestic and world prices for oil. Page 14

One dead, 17 hurt in New York blast: One person was believed killed and up to 17 others were hurt in an explosion in the Wall Street area of the New York City subway system. Police said the bomb squad was investigating.

Yeltsin appeals to Chechens: Russian president Boris Yeltsin appealed to Chechens to hand over their weapons as fighting continued in the suburbs of Grozny and selected targets in the capital were bombed. Page 3

Neste moves towards privatisation: Finnish oil and petrochemicals group Neste, which is 97 per cent owned by the government, is to issue up to 18m new shares, representing 20 per cent of the company, as a step towards privatisation. Page 15

Thyssen unit in railway joint venture: Deutsche Bahn, Germany's state-owned railways, and Thyssen Handelsunion, trading house of the Thyssen steel group, are to form a railway cargo transport company. Page 16

Ford plans Vietnam move: US vehicle builder Ford is to apply to the Vietnamese government for a licence to build vehicles with a local partner, state-owned Song Cong Diesel. Page 6

Warburg to advise on Railtrack sale: S.G. Warburg has beaten other investment banks including Morgan Stanley, the bank with which it planned to merge until last week, in the competition to advise the UK government on the privatisation of Railtrack. Page 15

US investors boost Lloyd's capital: US investors have provided the bulk of new capital committed to Lloyd's of London for next year, partly filling the hole left by exiting Names – individuals whose assets traditionally supported the insurance market. Page 7; Lex, Page 14

Brussels to ease curbs on cable TV: The European Commission announced plans to liberalise cable television networks across the Union, clearing the way for electronic services such as home shopping and interactive education. Page 2

TWA has new restructuring plan: Trans World Airlines, the US carrier trying to avert a cash crisis, said it had a new plan for a financial restructuring which it believed would be acceptable to its creditors. Page 17

Aramco negotiates Greek oil stake: Saudi Arabian state oil company Aramco is negotiating the purchase of up to 50 per cent of Motoroil Hellas, the oil refining arm of Greece's Vardinoyannis group. Page 15

Rolls-Royce cars chief quits: Peter Ward is to quit as chief executive of Rolls-Royce Motor Cars, which has signed a collaboration agreement with BMW of Germany. The move is believed to reflect a disagreement with the parent Vickers board on the future of the luxury car builder. Page 15

Gatt chief to stay as WTO caretaker: Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, is to stay on as caretaker head of the World Trade Organisation until March 15 to allow time for the selection of his successor. Page 6

Dean Rusk dies: Former US secretary of state Dean Rusk, a chief defender of US involvement in Vietnam under Presidents John F. Kennedy and Lyndon Johnson, died at his home in Georgia. He was 85. Page 6

■ STOCK MARKET INDICES		
FT-SE 100:	3,070.4	(+12.3)
Yield	4.20	
FT-SE Eurotrack 100	1,340.23	(+7.02)
FT-SE-A All-Share	1,519.48	(+0.3%)
Nikkei	19,349.57	(-66.31)
New York: lunchtime		
Dow Jones Ind Ave	3,809.21	(+42.06)
S&P Composite	458.87	(+3.77)
■ US LUNCHTIME RATES		
Federal Funds:	$5\frac{5}{8}$%	
3-mo Treas Bills: Yld	5.551%	
Long Bond	$96\frac{1}{8}$	
Yield	7.831%	
■ LONDON MONEY		
3-mo Interbank	$8\frac{3}{8}$%	($8\frac{7}{16}$%)
Liffe long gilt future:	Mar $102\frac{11}{32}$	(Mar $102\frac{1}{8}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Feb)	$15.93	(16.07)
■ Gold		
New York Comex (Feb)	$383.4	(384.2)
London	$382.2	(382.0)

■ STERLING		
New York lunchtime:		
$	1.5505	
London:		
$	1.5597	(1.5609)
DM	2.4491	(2.4527)
FFr	8.4803	(8.462)
SFr	2.0681	(2.0745)
Y	156.23	(156.493)
£ Index	80.2	(80.3)
■ DOLLAR		
New York lunchtime:		
DM	1.576	
FFr	5.4325	
SFr	1.33	
Y	100.35	
London:		
DM	1.5703	(1.572)
FFr	5.4245	(5.4235)
SFr	1.326	(1.3296)
Y	100.17	(100.3)
$ Index	63.4	(63.5)
Tokyo close Y 100.22		

Austria	Sch32	Greece	Dr350	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$16	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lev60.00	Iceland	IKr215	Neth	Fl 4.25	Slovak Rp	SK50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira90	S. Africa	R12.00
Czech Rp	CZK50	Israel	Shk8.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr18
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Estonia	EKr 20	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
Finland	FM14	Kuwait	Fils525	Poland	Zl 38,000	Tunisia	Din1.500
France	FFr8.50	Lebanon	US$1.50	Portugal (m'land)		Turkey	L30000
Germany	DM3.60	Lux	LFr65		Esc225	UAE	Dh12.00

Four ministers quit as government faces series of no-confidence votes

Berlusconi calls for early election as coalition fails

By Robert Graham in Rome

Italy's eight-month rightwing coalition crumbled yesterday with the resignation of four ministers from the Northern League and a call by Mr Silvio Berlusconi, the prime minister, for early elections.

Mr Berlusconi accepted the imminent fall of his government in a parliamentary speech, claiming the league defection from the coalition was "a fraud perpetrated on the electorate" by Mr Umberto Bossi, its leader.

The resignations coincided with the beginning of a turbulent parliamentary debate on three no-confidence motions tabled by the league and the main opposition parties. The debate is expected to conclude tomorrow, unless Mr Berlusconi decides to cut proceedings short and resign today before a vote is taken.

In a bitter attack on Mr Bossi, the embattled prime minister said that if the government lost its majority in parliament there was "no option but to seek the opinion of the electorate".

The call for early elections was echoed by Mr Berlusconi's allies in the coalition – the neo-fascist MSI/National Alliance of Mr Gianfranco Fini and the small Christian Democratic Centre.

This contrasted sharply with the view of Mr Bossi and other opposition leaders who insisted the situation was too unstable to permit early elections. They said elections could not be held before changes in electoral rules, and clear guidelines for the control and use of the media.

Their view is shared by President Oscar Luigi Scalfaro, who has the constitutional authority to dissolve parliament or to ask for the formation of a new government. In recent days, former president Francesco Cossiga has emerged as a go-between and possible candidate to head an interim government to pilot Italy towards elections.

Lex .... Page 14

The debate began late because of a demand from one deputy for the proceedings to be transmitted live on television, a request which was eventually accepted. Mr Berlusconi's half-hour speech consisted almost exclusively of an attack on Mr Bossi, whom he said was an unreliable partner from the outset of the coalition.

The media magnate turned politician repeatedly invoked the legitimacy he derived from the vote accorded him and his Forza Italia movement "by the people" in the March elections. Mr Bossi, he said, was trying to undermine and steal this legitimacy.

Mr Bossi replied that Mr Berlusconi had lost his legitimacy because he had failed to govern and deliver on electoral promises while pulling the coalition away from the centre towards the right. That what had prompted him to desert and end the government's term, he said.

Mr Bossi reminded Mr Berlusconi: "We brought the biggest dowry of all to the alliance – the destruction of the old party system."

The league leader was confident yesterday that he had sufficient support within the league to ensure his no-confidence motion, backed by the opposition, would topple the government. The minimum votes necessary in the chamber of deputies is 316.

The four ministers who handed in their resignations to President Scalfaro yesterday were: Mr Giancarlo Pagliarini, the finance minister; Mr Francesco Speroni, institutional reform; Mr Vito Gnutti, industry; and Mr Domenico Commino, EU affairs.

Of the league's ministers, only Mr Roberto Maroni has remained as the interior ministry, allegedly for reasons of public security.

Heading for difficulties? Silvio Berlusconi during the Christmas greetings ceremony at the presidential palace in Rome yesterday AP

Britain to halt funds to OECD research group

By Gillian Tett in Paris and Jimmy Burns in London

Britain is withdrawing from part of the Organisation for Economic Co-operation and Development's research programme as a signal of its growing unease with the organisation's overspending.

The decision to withdraw from the OECD's Development Centre was communicated to the organisation last Friday by Mr Keith MacInnes, the British ambassador, in a statement which clearly reflected a rift between the UK and the OECD over budget control.

The move also seems likely to fuel concern about the future direction and funding of the OECD, which represents 25 leading industrial nations, as it seeks to expand into new areas and take on more members.

Mr Jean-Claude Paye, the OECD's secretary-general, yesterday said: "I am surprised by this [decision] – it came out of the blue. Britain had been one of the strongest supporters of the centre."

The UK will withdraw in 1996 the FFr3m ($550,000) funding it provides to the centre, which carries out research into third world issues and builds links with countries such as China.

Mr MacInnes told the OECD that the UK was prepared "with reluctance" to join a consensus about the OECD's latest proposal for its overall budget, which was agreed in Paris last week. This has been set above the French inflation rate and follows a growth in the organisation's budgets of nearly 40 per cent in cash terms over the last four years.

Mr MacInnes contrasted this with the "the great efforts" being made by the UK government to restrain public expenditure, "in step with principles advocated by the OECD".

He said: "The increase in budgets of international organisations such as the OECD causes us very real difficulty."

A UK official said yesterday: "We are making it clear that we are not happy with the way OECD money has been spent."

The UK contribution repre-

Continued on Page 14

Mexican market hit by peso devaluation

By Ted Bardacke in Mexico City

Mexico's stock market fell heavily yesterday and short-term interest rates rose sharply after Tuesday's 15 per cent devaluation of the peso.

The market weakness also hit shares in other Latin American countries.

Analysts said that while the devaluation was probably a good long-term move for Mexico's economy, there were immediate questions about the resolve of the new president, Ernesto Zedillo, to maintain a conservative monetary and fiscal policy. There were also worries about the amount of international reserves available to the central bank to support the peso.

"The government did something it swore it wasn't going to do," said Mr Felix Boni of the Mexican brokerage firm Interacciones. "Investors don't like surprises, especially ones like this which are difficult to assimilate." In London analysts said investors were worried that the government might be forced to make a second devaluation.

Page 6

■ No blood, but no solution in Chiapas rebellion

Editorial Comment .... Page 13
Currencies .... Page 28
World stocks .... Page 32

The IPC index, the main stock market index, was down more than 10 per cent at midday in nervous trading.

At the weekly auction of government paper, short-term interest rates rose 2.25 percentage points over last week to 16 per cent and moved sharply upwards in secondary trading. The peso continued to trade at or near its maximum lower limit of 4.0020 pesos to the dollar, settling at 3.997 at midday.

The Mexican government had cited political instability related to the armed conflict in the southern state of Chiapas as one of the reasons behind the devaluation, rather than economic fundamentals.

However, the devaluation had also been intended to protect the country's international reserves, which are reported to have fallen to between $10bn and $12bn, down from $24.5bn at the beginning of the year. Analysts said a continued drop in the market would jeopardise reserves even further.

"Their funds are not unlimited. We need to start thinking about what is Mexico's second line of defence," said Mr Thomas Trebat, managing director of emerging markets research at Chemical Bank.

The market was awash with rumours yesterday that the government had already called on its $6bn credit line set up with the US and Canada in March to maintain currency stability. Mexican officials denied that the credit had been used, but brokers remained sceptical.

In Argentina the Buenos Aires stock market's blue-chip index was down 7.29 per cent in early afternoon trading in reaction to the Mexican turbulence. In Brazil, shares on the São Paulo exchange fell 5.2 per cent and the central bank intervened repeatedly in support of the currency.

Mars reviews Saatchi group's $400m slice of its advertising

By Robert Peston

Mars, the privately owned US confectionery and pet foods group, has launched a review of the bulk of its $1bn worldwide advertising, after Mr Maurice Saatchi's removal from the board of UK advertising group Saatchi & Saatchi last Friday.

Saatchi's Bates Worldwide Advertising network is one of Mars' two leading agencies. The company's decision to invite other advertising agencies to pitch for the business placed with Bates – and other Mars business – makes good a threat made by the Mars brothers, John and Forrest, to possibly sever ties with Saatchi if Mr Saatchi was ousted.

Mr John Murray, responsible for worldwide marketing at Mars, said: "In view of the management changes at Saatchi, we have decided to examine our options. It is a good opportunity to review the performance of our agencies."

Saatchi is responsible for about $400m of Mars' worldwide advertising, worth some £30m ($19.2m)in annual revenue to the advertising group. Bates subsidiary is Mars' lead agency for three of its most successful brands, each of which has annual sales in excess of $1bn: M&Ms and Snickers, the chocolate products, and Pedigree, the dog food.

Mars was one of the first three accounts acquired by Bates after it was set up in 1940. At the moment, Saatchi shares Mars' business with DMB&B, which also handles about $400m of business from the confectionery group, and Grey Advertising.

Grey's Mars business is also understood to be at risk, though the private confectionery group's relationship with DMB&B is thought to be secure.

Mr Murray said several other advertising agencies would be invited to make pitches and that the selection process is likely to take several months.

The Mars brothers wrote to Mr Saatchi earlier this year, stressing the importance of their personal relationship with him. The letter says: "It seems appropriate to remind you, and the management of Bates/Saatchi, that we insist that our agencies have their top people involved in our business. This has taken several years to get correct and the present relationship with you [Mr Saatchi] specifically has become significant."

Mr Saatchi is credited within the advertising group he founded for recently persuading Mars to give Bates the European account for Maltesers.

However, he infuriated many colleagues during last week's tumultuous boardroom events by asking the Mars brothers to reiterate their threat to move their account, in an attempt to persuade the Saatchi board of the possible commercial damage to the group were he to be ousted.

Saatchi & Saatchi has recently helped Mars create the first interactive computer game advertising campaign. Early next year, computer games publisher Konami will launch "Biker Mice from Mars", a game in the Nintendo format which involves Biker Mice eating Snickers bars to acquire enough energy to defeat the malign Dr Limburger.

Mr Saatchi is still considering an offer for him to become chairman of the subsidiary, Saatchi & Saatchi Advertising, and honorary president of the holding company.

CONTENTS

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Brussels to ease cable network curbs

By Emma Tucker in Brussels

The European Commission yesterday announced plans to liberalise cable television networks across the Union, clearing the way for new electronic services such as home shopping and interactive education.

Brussels intends to force through the legislation - which aims to give service providers free access to cable infrastructures by January 1 1996 - using special powers allowing it to circumvent the Council of Ministers.

The move reflects the Commission's determination to speed the liberalisation of the EU's telecommunications sector. It is worried that largely monopolistic and highly regulated structures are damaging competitiveness.

Cable infrastructures are widespread in Germany, Belgium, Denmark, the Netherlands and, to an extent, France but have only been fully liberalised in the UK. In most of these states, existing national regulations restrict the use of cable networks to traditional television broadcasting.

The Commission's proposals will lift these curbs, allowing other interactive services such as home catalogue browsing, banking, interactive video games and on-line databases to develop.

The proposals will not extend to traditional voice telephone services; under a previous Commission rule these will not be liberalised until January 1 1998, although individual member states are free to push ahead on their own.

Yesterday, Mr Karel Van Miert, commissioner responsible for competition, said the draft law would allow service providers to shop around for better deals.

"At the moment they have to rent lines from the telecoms operator. Sometimes the prices they offer are 10 per cent higher than in countries where there is competition, such as the US," he said. "Service providers suffer from a tremendous handicap because they often have to go to a monopoly supply of these services."

The European Cable Communications Association welcomed the move. "This marks a breakthrough for cable and multimedia in Europe. The directive offers new perspectives for the cable industry," it said.

Mr Van Miert said the proposals included safeguards to prevent operators using a dominant position in one market to impose predatory prices in another, for example, where the owner of a country's cable network is also the telecoms operator. In this situation, companies will be required to separate their accounts to prevent cross subsidy.

Although the Council of Ministers will not vote formally on the draft directive, it will be consulted, as will the European parliament. At the last telecoms council meeting, strong backing for plans to force through cable network deregulation came from France, the UK, and Germany. Parliament also indicated its support.

Denmark and Belgium, plus those member states where cable infrastructures have yet to develop, are not in favour. They are worried the Commission's plans will set a precedent for other monopolistic networks, such as rail and energy.

Spanish markets under pressure

The Italian political crisis and domestic political scandal put the Spanish markets under pressure yesterday for the second consecutive day, writes Tom Burns in Madrid.

Investor nervousness has been triggered by legal probes centring on the collapse a year ago of Banesto, Spain's fourth-largest bank at the time, and on an alleged government cover-up in an undercover war directed in the 1980s against Basque separatists which led to the imprisonment this week of three former senior interior ministry officials.

The peseta remained weak, trading at Pta84.48 against the D-Mark, the yield on 10-year bonds hovered at a high level near 11.50 per cent, and Spain's stock market general index fell further to 291.59. Fuelling the selling pressure, the Treasury raised six-month bill yields to bring them closer to money market rates.

Traders said the domestic market was being bracketed with Italy - "we're trapped in the garlic belt," said one - although Spain had acceptable economic fundamentals and a more stable political environment.

"[Prime Minister Felipe] González is not going to step down," said the treasurer of a leading Spanish bank, "but even if he did there is a coherent opposition party in the wings, not the breakdown of a political system like Italy."

Anti-Basque action haunts González

Tom Burns analyses the undercover war against the separatist movement

The shadowiest episode of Mr Felipe González's tenure of office has returned 10 years later to haunt Spain's prime minister.

How much did he and his government know about an undercover war fought by French and Portuguese mercenaries, who styled themselves as GAL, the Anti-terrorist Liberation Groups, against members of Eta, the Basque separatist organisation, in south west France between 1983, the year after Mr González took power in Spain, and 1986?

It was then that the picturesque villages and towns of France's Cote Basque, just across the border from Spain and long a safe haven zone for Eta members, were wracked by a shooting and bombing campaign that ended as abruptly as it had started.

The events are now being relived in a legal investigation that has severely embarrassed Mr González and threatens to rock his government.

Eta was at the time extremely active and the mysterious GAL suddenly appeared on the scene to carry the separatist violence into France.

Every terrorist action in Spain extracted, within days, its retribution with a tit-for-tat incident in St Jean-de-Luz, Biarritz, Hendaye and other locations across the border.

The undercover war ceased when, in a reversal of its previous policy, the French authorities began to round up Eta suspects and hand them over directly to Spanish police. Eta continues its violence to this day but the Cote Basque is no longer its sanctuary.

González: how much did he know about undercover war against Basque separatists? Ashley Ashwood

In all GAL claimed 23 fatal victims, among them several leading Eta members. Between 1987 and 1988 courts in France and in Portugal brought charges against more than 20 GAL members some of whom helped to identify Spanish policemen Mr José Amedo and Mr Michel Dominguez, who were then attached to an intelligence unit in the Basque city of Bilbao.

In 1991 Mr Amedo and Mr Dominguez received long prison terms after a Madrid court upheld evidence that they had recruited gunmen in mercenary circles and organised them into the GAL death squad.

The court absolved the administration of any involvement in GAL's sinister activities and Mr González said at the time there "is no proof and never will be" incriminating his government.

This week the investigating judge who brought the two policeman to court, and who decided in September to re-open the dirty war case, has indicted and committed to prison the director general of state security between 1984 and 1986 and two former senior counter-terrorism officers on charges that they created GAL.

Yesterday the respected Barcelona newspaper La Vanguardia headlined a report on its front page saying that the legal probe, conducted by Madrid high court judge Baltasar Garzón would extend up through the administration hierarchy to include Mr José Barrionuevo, a stalwart of Mr González's Socialist party, who was interior minister between 1982 and 1988.

The government's chief spokesman has said the indictments had "surprised" the government but that it would maintain a "prudent silence" over judge Garzón's investigations.

Mr Barrionuevo has not remained silent. He has visited Mr Julián Sancristobal, the former security boss, in prison and in a succession of statements he has said he stands fully by his former aide and the other former counter-terrorism chiefs.

In a radio interview Mr Barrionuevo rhetorically asked whether in other countries that faced a terrorism threat such as that posed by Eta "people who fought against that terrorism with considerable personal sacrifice would be treated as they are H here."

The problem that Mr Barrionuevo, and possibly Mr González himself, face is that if there was a GAL cover-up, it is now, for two reasons, likely to be blown wide open.

One is that Judge Garzón, Spain's foremost legal celebrity, is a persistent investigator who is said by his supporters to be "a man with a mission" and who is accused of "wanting to settle scores" by associates of Mr Barrionuevo.

In 1993 he hung up his judge's toga to run on Mr González's ticket in the general elections and was given a senior job in the interior ministry. Later judge Garzón resigned his parliamentary seat to resume his legal career saying the government was not doing enough about corruption.

The other reason is that Mr Amedo and Mr Dominguez, who were transferred to an open prison in July as part of a partial amnesty package that involved jailed Eta members, have decided to co-operate fully with judge Garzón following his decision to resume the investigation into GAL.

The two former policemen were questioned at length last week by the judge and they were subsequently cross-examined together with Mr Sancristobal and the other indicted former security chiefs.

Yesterday Judge Garzón, in a further twist to the GAL scandal, ordered the indefinite release from prison of Mr Amedo and Mr Dominguez, saying he wished to safeguard their security.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). ISSN: ISSN 0174-7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.
FRANCE: Publishing Director: D. Good, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.
DENMARK: Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

France to reform stock options

By Andrew Jack in Paris

The French government has set up a committee to examine reforming the rules governing stock options after recent criticism of the remuneration of senior company executives.

Stock options give the recipient the right to buy shares in a company at a future date at a fixed price, usually below the market rate when they can exercise this right. They allow pay to be partly tied to performance, as measured by a company's share price, and are subject to favourable taxes in France: 19.4 per cent capital gains tax against a marginal tax rate of nearly 60 per cent for highly paid executives.

Mr Jean Arthuis, a member of the French Senate, urged tougher tax rules on stock options when the latest finance bill passed through the legislative body last month. Mr Arthuis' concern was partly triggered by a fear that the rules on options have been exploited by companies and their advisers. The rules were changed when some executives were becoming eligible to exercise previously-awarded options and did not want to have to wait before selling their shares.

Mr Arthuis' proposal is to reintroduce income tax on the capital gains made when options are sold by executives, unless they have waited at least one year after the options were granted before selling them. This requirement was repealed by law last year and at present only capital gains tax is imposed.

The finance ministry said stock option manipulation would be severely punished, but that control was more likely through taxation than legislation.

Renewed examination of stock options comes as a growing number of French companies are using them to remunerate senior executives. First permitted in the 1970s, options have gained popularity in the past few years.

Germany to go it alone on foreign worker rules

By David Gardner in Brussels

Germany is to go ahead unilaterally with national rules on the rights of foreign workers, after European social affairs ministers failed yesterday to agree minimum European-wide employment rights for people working outside their own country.

Construction workers from the EU's poorer member states could be badly hit by the German move and the likely free-for-all of tougher national rules it looks set to unleash.

The main cause of yesterday's failure is the UK's doctrinal opposition to EU action in this area, although Greece, Portugal, Ireland and Italy have problems with details in the EU directive, which they say does not offer so-called "posted" workers sufficient protection. Britain's opposition could now lead to more stringent measures being taken by individual states.

Mr Norbert Blum, German employment minister and president of the EU Social Affairs Council, said he would discuss national rules at a meeting with German employers and unions today.

Commission officials say foreigners working "on the black" in Germany's building industry, undercutting wages for local workers, "amounts to 80 per cent of the problem" the posted workers' directive is intended to deal with.

Mr Blum said after yesterday's last-ditch special meeting in Brussels that guaranteeing the "same wages for the same work in the same place, is absolutely elementary, or we are going back to the 19th century. We could just sit around and wait until we have a European policy," Mr Blum said, but "I am paid to act."

Germany wanted an agreement yesterday, to be able to have at least one success to exhibit in an EU presidency it hoped would be strong on social policy. But Bonn's purposes are just as well served by a failure which justifies unilateral action.

Mrs Ann Widdecombe, UK employment minister, said: "We should be looking at creating jobs in Europe, not messing about trying to impose uniform conditions". France, which takes over the EU presidency from Germany next month, looks set to have one more try for an agreement.

EU rift takes steam out of energy taxes

Dispute on carbon levy weakens greenhouse gases campaign, reports **Haig Simonian**

If this month's European Union summit in Essen put the lid on the coffin of a common energy tax, last week's meeting of environment ministers drove in the final nail.

By allowing member states to follow individual strategies on energy taxation, rather than imposing a common tax based on a fuel's carbon content, the decision dealt an embarrassing blow to the EU's prestige ahead of the most important international gathering on climate change - due next March in Berlin - since the Rio de Janeiro earth summit of 1992. In Rio, western industrialised nations agreed to stabilise their emissions of greenhouse gases, such as carbon dioxide (CO_2), which many scientists believe cause global warming. The Berlin conference is intended to take the process further.

Progress was never going to be easy given the diversity of national positions. But preparation of a new protocol to go beyond the Rio commitment to stabilise CO_2 emissions in the year 2000 at 1990 levels now looks less likely in view of the EU's internal dissent.

A joint European front at Rio was a crucial element in pushing a reluctant US to accept CO_2 cuts. It also sent a message to the developing world, which made no such commitment, that its turn would come. Discord within the EU will make it easier for both to seek a fudge in Berlin.

Mr Michael Grubb, who heads the energy and environmental programme at Britain's Royal Institute of International Affairs, believes the writing has been on the wall for the EU for some time. While a carbon tax appealed to the most environmentally-minded member states, such as the Netherlands and Denmark, it was viewed with trepidation by others. For Germany, which generates most of its electricity from coal, a carbon-based levy was a boon to trading competitors, such as France, where electricity is derived predominantly from other sources.

This explains Bonn's concern to turn the carbon tax into a wider duty on all energy sources. Under a compromise, the European Commission proposed the tax should be on a fuel's carbon content and its energy value. According to the German government, which was keen to head off criticism from the powerful Green lobby and prepare for the Berlin conference, that would discourage the use of polluting carbon and stimulate energy efficiency as well.

Not all the member states thought likewise. While Spain, Greece, Ireland and Portugal all accepted the idea in principle, each demanded exceptional treatment to give it greater headroom for industrial development.

British opposition, meanwhile, turned on the issue of sovereignty. The government argued that taxation was a domestic issue and that individual states should decide how to implement their Rio commitments.

Not surprisingly, the outcome at Essen was an agreement to disagree. EU finance ministers were told to prepare criteria for a member state to apply a common tax "if it so desires". That leaves the EU facing a pot pourri of measures ahead of the Berlin conference. Denmark, along with Sweden and Finland, which are due to join the EU, already apply varying forms of wide-ranging energy taxes and special levies for carbon-based fuels.

Germany and the Netherlands have also taken steps to impose duties. However, the German preparations for a carbon tax were dropped in favour of EU action, while the Netherlands, which has already imposed some environmental taxes, is committed to introducing some form of carbon tax by January 1996.

The Belgian cabinet, meanwhile, decided recently in favour of a broad energy tax to meet CO_2 targets. For some government officials, the carbon tax was nothing more than a sideshow from the outset given national differences and the string of exemptions agreed. "The whole debate was just a distraction which was always going to be controversial," says one.

However, energy taxation may be more tenacious than its opponents think. France, which is about to take over the presidency of the Council of ministers, seems inclined to resurrect a German scheme to use existing excise taxes on energy, normally restricted to petroleum, as the basis for a new EU levy.

Member states would first be required to impose a minimum EU level of taxation on petrol. That would be reviewed periodically to harmonise national tax levels. The tax would gradually be extended beyond petrol to other energy sources.

Critics say the scheme is so riddled with exemptions that it is of little practical value. However, the fact that energy taxation remains on the agenda suggests that its coffin may not yet be at rest.

EUROPEAN NEWS DIGEST

Nuclear cover urged for EU

France, along with Britain, should consider extending the umbrella of their nuclear deterrents to defend the European Union, Mr Alain Lamassoure, the French European affairs minister, said yesterday. Addressing a Franco-German conference in Paris, Mr Lamassoure was careful to say it was only his "personal wish" that Paris and London should extend their bilateral discussions on nuclear doctrine to include a European role for their nuclear weapons. But he stressed the Balladur government's desire that the EU's planned "treaty of 1996 should do for foreign and defence policy what the 1992 [Maastricht] treaty did for money" in planning a single currency. The minister also outlined, before several leading German politicians, his blueprint to make European institutions more workable and democratic by boosting the importance of the Council of Ministers, while rendering it more accountable to the European Parliament. *David Buchan, Paris*

Former lottery chief held

Mr Gérard Colé, the former chairman of Française des Jeux, the French lottery, was yesterday in police custody following a probe by public prosecutors in Nanterre. Mr Colé, who was a former adviser to President François Mitterrand, was strongly criticised in a report on the lottery published last year by the French financial inspection body. He has defended himself against accusations, including abuse of funds, but nevertheless resigned his position last December after prosecutors began investigations in February 1993. He had been appointed in 1989.

Separately yesterday, a French judge investigating corruption in the funding of political parties was embarrassed by accusations made against his father-in-law. Judge Eric Halphen expressed surprise that his relative - who had been taken into police custody - had allegedly received money from the wife of a suspect in a probe into RPR funding. *Andrew Jack, Paris*

Duma blocks Russian budget

Russia's State Duma (lower house) yesterday refused to pass the 1995 budget at first reading - a blow to the government. Officials had expected the budget to be passed following a commission's recommendation to vote for it after minor changes had been made to the original draft. However, the vote was only 11 votes short of the required number, and government sources said last night that they hoped the budget would pass during a second debate today. *John Lloyd, Moscow*

Walesa attacks 'easy options'

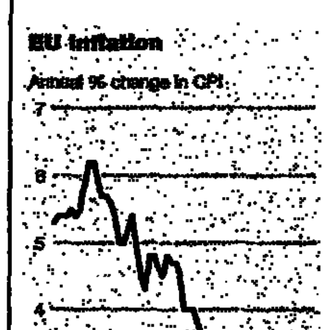
President Lech Walesa of Poland yesterday criticised the leftist government for choosing "easy solutions" and overlooking the real problems of the people. Mr Walesa was meeting leaders of the Polish Peasant's party and the Democratic Left Alliance, comprising former communists, as well as senior members of the cabinet. The two-hour debate, broadcast live on state radio and television, focused mainly on government budget policy and public spending.

Earlier in the day, Mr Walesa vetoed a government bill on public sector wages, criticised by the Solidarity trade union as not ensuring parity to wages among industrial workers. He urged the government to look for additional sources of government revenue which could enable higher public spending. However, the cabinet is pressing to have its 1995 spending plan approved by parliament by the year's end, seeing it as a basis for economic stability that would allow further reforms.

Opposition leaders have also criticised the budget as inflationary and a threat to further economic growth through its excessive taxes. Mr Walesa suggested the government could find additional resources by expanding the privatisation process, which could improve the condition of many ailing state enterprises and thus increase tax revenues. *AP, Warsaw*

ECONOMIC WATCH

EU inflation holds steady



The EU's rate of inflation, as measured by the consumer price index, was an annualised 3 per cent for the third consecutive month in November, according to Eurostat, the EC statistical office. The level, the lowest for more than seven years, was 3.1 per cent in August and July after remaining at 3.2 per cent from March to June. The rate was last at this level in March 1987 and peaked at 6.3 per cent in October 1990. It touched 3.4 per cent last December/January. The figures show France still has the lowest inflation rate in the EU, with a provisional 1.6 per cent. Only Italy, Portugal, Spain and Greece are above the EU average. *Foreign Staff*

■ France had a seasonally adjusted trade surplus in October of FFr11.28bn (£1.33bn), against a revised surplus in September of FFr9.07bn, provisional customs office data show. The office had originally reported a surplus in September of FFr9.19bn. Economists had forecast a surplus for October of about FFr7.2bn. *Reuter, Paris*

■ Spain's accumulated budget deficit on a cash basis shrunk 3.8 per cent to Pta2,850bn (£13.8bn) in the first 11 months of 1994, from Pta2,740bn in the same period in 1993, the Finance Ministry said yesterday. *AP-DJ, Madrid*

Few believe Carter peace will hold

By Laura Silber in Belgrade

If the guns fall silent in Bosnia tomorrow, Mr Jimmy Carter, the former US president, can pat himself on the back for his mediation efforts. However, there is little hope of the warring parties agreeing the conditions of a long-term peace.

After a three-day diplomatic shuttle around former Yugoslavia, Mr Carter announced he had secured the agreement of the Bosnian Serb and the Moslem-led Bosnian government for a four-month ceasefire in a country where truces seldom last more than a few hours.

The two sides pledged, over the next fortnight, to hammer out the details of a cessation of hostilities. However, even before the ink was dry on the agreement, last night Mr Radovan Karadzic, the Bosnian Serb leader, predicted it would be stillborn if Bosnian government forces failed to withdraw from strategic heights around the Bosnian capital Sarajevo, which are UN demilitarised zones.

Mr Alija Izetbegovic, Bosnian president, warned that the Serbs were using the Carter talks as a foil while their forces tightened their stranglehold around Bihac, a Moslem enclave in the north-west. He endorsed the ceasefire, but said he saw no chance for peace.

The time is right for a ceasefire, as neither side wants to fight a war as the harsh Balkan winters grips Bosnia. But the leaders of both sides appear convinced that war is preferable to compromise.

The Bosnian government clings to the five-nation Contact Group's plan it accepted last July, which gives the Moslem-Croat federation 51 per cent of Bosnia and the rest to the Serbs, who now control 70 per cent.

The Moslem-led government, by its own admission, accepted the plan as the Serbs were bound to reject it. They are holding out for salvation from abroad, perhaps military intervention. At the very least, the Sarajevo government remains convinced the incoming Republican majority in the US Congress will vote to lift the arms embargo.

The Bosnian Serbs, as the stronger group, see no reason to accept the maps foisted on them by the Contact Group. They have withstood an embargo imposed on them last August by their former mentor, President Slobodan Milosevic of Serbia.

However, they claim to have received assurances that they can say Yes to the Contact Group plan, but mean No. In other words, the Bosnian Serbs will not have to withdraw their troops until every detail of the plan is agreed. That could take years. The Bosnian Serbs insist they would not have fought a war to carve out their own state only to live in Bosnia.

They are likely to return to the bargaining table if they are not forced to accept the maps. This option has so far been rejected by the Bosnian government and the west.

Mr Carter's mission also raises the question of to what extent he was the agent of the White House. The Clinton administration has taken great pains to distance itself from Mr Carter's mission. Mr Carter himself claimed his visit was private. This echoes similar US denials about Mr Carter's successful mediation efforts in North Korea and Haiti earlier this year.

However, President Clinton is in a hurry to halt the war in Bosnia. Its end would remove the point most vulnerable in his foreign policy, which has left him wide open to Republican attacks.

● Bosnian Serbs delayed a United Nations convoy outside Sarajevo yesterday and took computer equipment, despite assurances given to Mr Carter on free movement for UN vehicles, a UN spokesman said, Reuter reports.

Day belongs to Russians...Night to Chechens

By Steve LeVine

A bayonet protruding from a breast pocket, grenades strapped around his middle and a rifle slung across a shoulder, Mr Musa Israilov, speaks earnestly: "They want to bring us up like Russians," he complains, the creases around his eyes deepening, "but we are not Russian."

In the soupy fog surrounding the Chechen capital of Grozny, Mr Israilov's simple observation has a clarity of reasoning that is at the heart of the first war on Russian soil since 1945. It is a violent debate over the very roots of Russia's conquering traditions, and the widespread regional resentment challenging its right to rule. President Boris Yeltsin has highlighted that threat by ordering the army to pull the breakaway republic of Chechnya back into the Russian Federation.

With its stark backdrop of black mountains and thick woods, Chechnya is among 20 ethnic regions conquered by Russians in the last three centuries. The region's mountain people have fiercely resisted Russian military might and customs since Muscovite forces first appeared there in the early 19th century. They now appear unlikely to succumb easily.

In Moscow, there are colourful anecdotes slandering the Chechens; they are gangsters at heart; dark men in pinstripe suits and fedoras who aspire to be Godfather figures; they run drugs and terrorise innocents. But the Chechens' declaration of independence, made when the Soviet Union broke up in 1991, has given the reputed image a sharp edge.

You do find firearms in Chechnya, so many and in such variety that you quickly wonder what made Moscow believe its invasion would by any scope of the imagination be surgical and quick. There are no pinstripes or fedoras in sight, however. Instead, the hospitable Chechens appear genuinely grateful that someone is willing to investigate whether indeed they are the monsters of Russian literature and contemporary gossip.

A Chechen woman retrieves her belongings from her house in Grozny bombed in a Russian air raid Associated Press

"They think our president, who we elected, is a bandit just because he doesn't obey them," says Mr Ruslan Bedsiev, 26, one of Mr Israilov's men. "We are peaceful people. We don't want a war."

The Chechens, a Moslem Turkic people, deeply resent Moscow's 140 years of occupation. Indeed, among the most powerful images in Grozny is a small square that is obtrusive in its fresh modernity against the city's dour appearance.

It is the site of a grim memorial to Stalin's "Operation Mountain" – the 1944 deportation of the entire Chechen population to Kazakhstan, including the current president, Mr Dzhokar Dudayev. Stalin accused the Chechens of supporting the Nazi invasion, a claim most historians dispute. More likely, Stalin was upset that the Chechens exploited the invasion in their perennial quest for independence.

A plaque claims that 380,000 Chechens died in the deportation – either murdered or through disease - and the memorial consists of 6,000 gravemarkers that the Soviets uprooted and used as paving stones. Hundreds of broken pieces of gravestones are piled like rubble in the centre, out of which protrudes a giant, sculpted fist.

"Lots of people were dying. It was crazy freezing cold," said one survivor, a man identifying himself as Abdullah. He was, he says, nine when Soviet soldiers arrived to take the Chechens away. "The Communists among us said Stalin didn't know, and that he would return us home."

You cannot visit the Chechen front lines, Grozny's bazaars or ordinary homes without hearing the tales of deportation. Mr Israilov, the front-line commander, his eyes narrowing, warns: "We're not going to Siberia this time."

The Chechens are resisting. They no doubt will lose the capital against Moscow's superior arms, however, but appearances indicate that the conflict will lead to a protracted, Islamic-tinged guerrilla war resembling the Soviet debacle in Afghanistan.

In one village near Grozny, a stocky, determined businessman named Ayub Khansultanov, 30, lives with four older brothers. Every night at about 11, Mr Khansultanov leaves his large brick home, armed with anti-tank weapons and grenades and Soviet-era versions of the American, ground-to-air stinger missile made famous during the Afghan war, and early every morning he returns, exhausted.

He does not say where he is going or has been, only that about 150 Chechens make up his fighting force. "The day belongs to the Russians, the night belongs to us."

If the scene in the Khansultanov house and the surrounding village is being mirrored elsewhere in Chechnya, the Russians indeed will face a long, bloody war.

The Chechens have found unlikely partners among the invading Russian forces. Some of the Russian officers have found that the Chechen people are not the reprehensible people widely depicted back home. Others simply have not managed to summon up the motivation that former Russian armies found for such operations.

One captain from the 19th Motorised Rifle division, posted west of Grozny, said: "Almost all the officers from my division have written letters of resignation. I've done so myself today. We are not prepared to use arms against civilians."

Yeltsin plea to Dudayev 'hostages' as toll reaches 140

By John Lloyd

President Boris Yeltsin yesterday appealed to the Chechen people – whom he said were "hostages" to the regime of President Dzhokar Dudayev – to hand over their weapons.

The fighting continued in the suburbs of Grozny while planes bombed selected targets in the capital, as estimates of the civilian death toll reached 140 yesterday.

Independent accounts do not back up Russian statements that the population is being forced to support General Dudayev and that his forces have left the city. Reports from Reuters correspondents who remain in or near Grozny point to a general and voluntary mobilisation of a sizeable proportion of the adult population, now preparing defences at various points in and around the capital.

President Yeltsin's statement stressed that the rumours spread by General Dudayev's officials that the government had a plan to deport the Chechens – recalling the murderous deportations of 1944 under Stalin – were baseless.

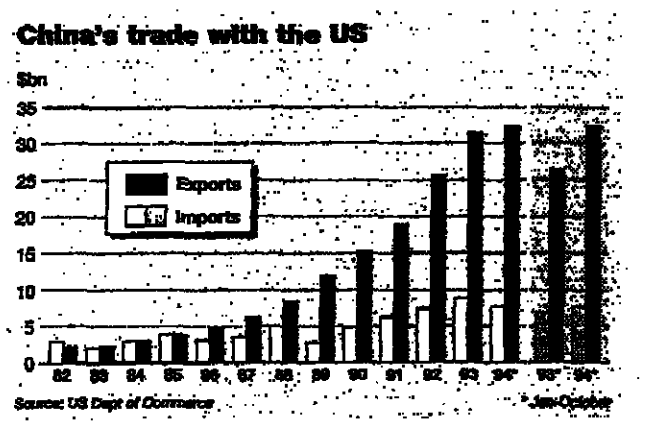
Mr Yeltsin also promised economic aid to Chechnya once the fighting stopped – a promise causing concern among financial officials in Moscow. Mr Vladimir Panskov, the finance minister, said yesterday that the war had so far cost Rbs400bn and that at least Rbs1,000bn would be spent on reconstruction next year – a sum which he said may rise.

France became the first major western state to voice concern over the Chechen intervention – breaking the consensus which has held the matter to be purely internal to Russia. Ms Lucette Michaux-Chevry, the deputy minister for human rights, said she shares worries expressed by the Red Cross "on the fate of the Chechen population.

NEWS: INTERNATIONAL

Gatt talks failure strains US ties with China

By Tony Walker in Beijing and Nancy Dunne in Washington



China yesterday sought to put the best face on the failure of Gatt talks in Geneva but continued its strong criticism of what it termed US obstructionism.

The Ministry of Foreign Trade and Economic Co-operation in Beijing accused the US of breaking its promises of "staunch support" for China's entry into the General Agreement on Tariffs and Trade.

China's bitter reaction to the failure of the 19th session of the Gatt working party to reach consensus has also focused attention on Sino-US relations which are set to come under increasing strain over human rights and other issues.

Chinese officials have been expressing concern privately about the election of a Republican-dominated Congress and the prospect of figures like Senator Jesse Helms playing a more decisive role in shaping China policy. Senator Helms, who is expected to be the new chairman of the Senate foreign relations committee, has a long history of antipathy towards China and has consistently opposed renewal of China's most favoured nation trade status (MFN).

After reversing its position this year on linkage between human rights and MFN, the administration has been taking a firmer line towards China – partly because the business lobby, which urged MFN renewal, was also demanding a tough stance at the Gatt negotiations.

Mr Winston Lord, the assistant secretary of state, said on Tuesday that President Bill Clinton would not accept an invitation to visit Beijing next year unless there is "further progress on a whole range of issues" including human rights. There have been published reports that Vice-President Al Gore might go to Beijing, but these were denied yesterday by his press office.

Political relations will continue to be prickly, but the countries appear to want to avoid a dangerous break. Last week, reports surfaced of a confrontation between a US warship and a Chinese submarine off the Chinese coast. The incident was played down in Washington, indicating that he administration did not want to push Beijing too far.

US officials in Beijing were seeking yesterday to play down negative fallout from the argument over Gatt. "While we would have liked to see a lot more progress especially on market access negotiations, the door has not been closed," said one official. "Nobody has walked away from the table."

Negotiations on Taiwan's application to join the General Agreement on Tariffs and Trade have moved into the final stage, making it virtually certain that Taipei will be ready for admission to Gatt's successor, the World Trade Organisation, at the same time as China, writes Frances Williams in Geneva. Taiwan's Gatt bid was accepted in 1992 on the understanding it could not join the world trade body before Beijing. However, unlike China's gruelling eight-year membership talks, negotiations with Taiwan have made steady progress.

Yesterday's meeting of the Gatt working party on entry terms agreed to start drafting the protocol of accession, after hearing that bilateral talks on access to Taiwanese markets for foreign goods and services were going well. Taiwan says it hopes to complete the bilateral talks early next year and accession proceedings "at the earliest possibility".

In Washington, Mr Lord said the US "genuinely" wishes to see China in the Gatt and the World Trade Organisation, the successor organisation. "We have indicated a willingness to try to find some procedure whereby if they get in later, they could still be a founding member of the WTO," he said. "That's to underline our sincerity in wanting them in this organisation."

Chinese officials insist "the conditions for re-entry into Gatt are fully ripe which constitutes the most important reason why China's re-entry has gained extensive support," the Moftec spokesman said.

But western officials in Beijing said that China appeared to have seriously miscalculated requirements for Gatt entry and was now reduced to "bluster" in an attempt to disguise responsibility for the failure.

These officials also blame political uncertainties in Beijing with signs that the end may be drawing near for Deng Xiaoping, the paramount leader, for Chinese inflexibility in Geneva.

China's leaders may be unwilling in the present uncertain political climate to risk criticism from entrenched economic interests likely to be affected by the continued liberalisation of the economy.

"The top people [in China] want to be in the WTO," an Asian diplomat in Washington said. "But the vested interests know the price. The state industries would lose their protection and their subsidies."

Beijing's disappointing offer on market access in both the services and agricultural sectors is one of the main stumbling blocks to a resolution of the Gatt dispute.

But China and the US face an early hurdle in what may well prove to be a difficult new phase in their relations. The suspension of talks last week on intellectual property rights threatens a serious argument over copyright issues.

Although the US succeeded in nudging China into strengthening its intellectual property laws, the difficulty arises over enforcement. US officials understand that this is partly a problem of the central government being unable to impose its will on the provinces, the Asian diplomat said.

In any case, the US trade representative has put China on a priority list of foreign countries infringing copyright covenants and given it until January 1 to put its house in order. The talks appear to be stalled and, without agreement, the US will release a list of possible sanctions, which would further complicate Gatt discussions.

Chinese officials yesterday were at pains to emphasise that, in spite of the disappointment in Geneva, Beijing remained committed to economic reform.

Peres predicts Palestinian election in two years

By Eric Silver in Jerusalem

Mr Shimon Peres, Israeli foreign minister, predicted last night that the 2m Palestinians of the West Bank and Gaza Strip would go to the polls within the next few months. He was speaking after a two-hour meeting in Gaza with the leader of the Palestine Liberation Organisation, Mr Yassir Arafat. The talks failed to resolve their differences on troop deployment but both men emerged more hopeful that a compromise would be found. Mr Arafat's chief peace negotiator, Dr Nabil Sha'ath, who had earlier predicted a crisis if there were no progress, said that the exchange of ideas had been "positive".

The Palestinians have insisted that Israel fulfil its pledge under the 1993 Oslo peace agreement to redeploy its troops from Arab towns and villages on the still-occupied West Bank before elections to a Palestinian council. But the Israelis now claim that they need to keep some of them in place to protect the 110,000 Jewish settlers still living there. The Palestinian police, they argue, have proved either unwilling or unable to combat a campaign of violence by Islamic extremists. Mr Arafat acknowledged again yesterday that the Israelis had reason for concern. Mr Peres reiterated his government's commitment to the Oslo terms. Negotiations are to be resumed at senior official level in Cairo next week. Reuter adds from Jerusalem: A car bomb exploded in a Shia Moslem suburb of Beirut yesterday, killing three people and shattering Lebanon's longest period of calm in two decades. Hizbollah (Party of God), a militant Shia movement fighting Israeli troops in south Lebanon, immediately accused Israel of responsibility. It said the blast in Bir al-Abed, a Hizbollah-dominated district, followed Israeli threats against the movement in the past few days and mounting tension on the battle lines in the south. The bomb exploded in a small shopping street in the impoverished suburb.

It was the first bomb blast in Lebanon outside the southern battlefront with Israel since February 27 when an explosion in a Maronite church north of Beirut killed 11 worshippers and injured 50. The bomb ended 10 months of calm outside the south – the longest period of civic peace most of Lebanon has enjoyed since the start of the 1975-90 civil war.

Election of radicals to national executive committee sounds warning to new South African government

Mandela policies endorsed by ANC

By Mark Suzman in Bloemfontein

The national conference of South Africa's ruling African National Congress put its seal of approval on the government's performance by adopting the generally moderate platforms drawn up by a series of internal commissions.

But delegates signalled a warning for the future by overwhelmingly electing some of the party's most radical figures to the party's national executive committee.

On the closing day of the five-day meeting, most of the resolutions up for approval passed with little dissent, but in the voting for the 60 directly elected members to the ANC's ruling body, the top vote-getter was Mr Bantu Holomisa, former military leader of the Transkei homeland currently deputy minister of tourism. Mr Peter Mokaba, former leader of the ANC Youth League, came third, and the controversial Ms Winnie Mandela, the deputy minister of arts and sciences and President Nelson Mandela's estranged wife, came fifth.

Along with other prominent ANC members such as Harry Gwala from KwaZulu-Natal and Tony Yengeni from the Western Cape, both also elected to the NEC, these three are generally regarded as the most uncontrollable elements within the party. Despite their grassroots popularity, they were denied senior cabinet posts following the movement's election victory in April because of their loose-cannon reputation.

All sitting cabinet members were also elected to the executive body, and the positive response to Mr Mandela's closing address, in which he praised the degree of consensus achieved at the conference while promising to guard against corruption in the party and government, reinforced the generally moderate tone of the triennial conference as it concluded business yesterday.

Pride and joy mask problems

By Mark Suzman

As South Africa's President Nelson Mandela ended his address to the ANC conference's closing session yesterday, the 3,000 delegates broke into song and dance, full-throatedly rendering an old struggle song praising the virtues of Mr Mandela and their movement.

The smiles on the faces of the president and his colleagues as they hugged each other on the podium, and the unrestrained joy and pride of party activists gathered from around the country, told the same story: despite fears of clashes between the national executive and local branches over the slow delivery on election promises and the government's conciliatory attitude towards whites, the ANC's first national conference since coming to power in April resulted in a broad endorsement of existing leadership.

Despite a frank admission by Secretary-General Cyril Ramaphosa that the party had been unprepared for the complex task of being in government, and remained poorly organised and was losing membership, both he and Mr Mandela, the incumbent party leader, were re-elected unopposed. Meanwhile, the ongoing struggle between Mr Ramaphosa and

'Party unprepared for complex task of government'

Deputy President Thabo Mbeki over who is the most likely successor to Mr Mandela was resolved in favour of the Mr Mbeki; he was elected the party's new deputy president.

While acknowledging it had been remiss in implementing pre-election promises, especially in areas such as housing and provision of basic services to black townships, the leadership won general support for its policies as the party resolved to make 1995, in the words of one delegate, "the year of delivery".

Many of the ANC's best-known radicals, including Mr Mandela's estranged wife, Winnie, were all elected to top positions within the party's National Executive. But the overwhelming victories by Mr Jacob Zuma in the race for national chairperson and Ms Cheryl Carolus, as deputy secretary-general, a Zulu and a Coloured respectively, demonstrated a clear commitment to a broadly moderate and representative leadership.

The only explicitly hardline position to come from the gathering was the insistence that the ANC modify somewhat the pre-election agreement guaranteeing white bureaucrats' jobs for the five-year life of the interim constitution.

From ministers and local activists alike, the belief that the state bureaucracy was at best incapable of implementing party policy, and at worst deliberately sabotaging it, led to widespread calls for dramatically accelerated appointment of blacks to senior posts.

The conference left several problems unresolved as Mr Ramaphosa's litany of structural weaknesses was met with little but a promise to do better. In the absence of a detailed programme to boost recruitment and funding, paid-up party membership is likely to wither further as the liberation fervour generated among blacks before the election continues to dissipate.

The party sidestepped discussion on the future of its formal alliance with the Communist party and Cosatu, the country's biggest trade union federation. The linkage is less problematic than formerly – most ANC supporters have jettisoned all ideological baggage – but it will become increasingly hard to keep up if the government holds to its tough economic line on tariff reform and industrial restructuring.

While these shortcomings, and the need to start implementing its centrepiece Reconstruction and Development Programme, will have to be dealt with over the coming year, the party and its leaders know these are the challenges of the future. For now, they are content to revel in the fact that, after 83 years of struggle, they finally have the political wherewithal to address them.

INTERNATIONAL NEWS DIGEST

Plan for Nepal dam under fire

A World Bank plan to help finance a $1bn hydro-electric project in Nepal has come under fire from the bank's own newly established inspection panel, raising doubts about its ability to become involved in this sector. The panel, established in November after complaints from four Nepalese, said in an initial report that the project to dam the Arun river, involved "apparent violations of policy that require further investigation".

Bank officials fear that other countries may be discouraged from seeking bank help for hydro-electric schemes if the project, which Germany and Japanese companies are to help finance, does not go ahead. China has deliberately avoided seeking World Bank finance for its controversial Three Gorges dam, which is much more controversial.

But the officials say they believe the bank can satisfy the criticisms raised by the panel, which urged more study of alternative projects and raised questions about the environmental impact. The bank argues that the dam will be instrumental in providing power in a country where only 9 per cent of the population have access to electricity. Without better power supplies there is little chance of Nepal developing even a light manufacturing sector. Critics say the project is too large for the country. Though the area flooded will be small, about 155 families will be displaced and there is a threat to wildlife from constriction of a road to the project. *Peter Montagnon, Asia Editor, London*

Australia airports profits rise

Australia's Federal Airports Corporation, the government-owned organisation which runs most of the nation's airports and is coming up for privatisation, yesterday posted an after-tax profit of A$36m (£17.9m) in the year to end-June. The net result compared with A$28.6m in the previous 12-month period. The FAC said that total numbers handled by the 22 airports under its control rose by 6.2 per cent to around 50m. Pre-tax earnings were 5 per cent higher at A$94m, while revenues stood at A$457.2m compared with A$429.8m previously.

Australia's Labor government won approval for the sale of the airports, reckoned to raise around A$2bn, from rank and file supporters at a party conference earlier this year. Where possible, however, the airports will be sold piecemeal rather than in "bundles", and the properties will be sold on a long leasehold basis. A number of European groups, including Britain's BAA, are known to be interested in acquisition, especially for larger properties. *Nikki Tait, Sydney*

Bond creditors delay meeting

Personal creditors of Mr Alan Bond (left), the failed Australian businessman, yesterday adjorned a meeting called to consider a settlement offer for a month. Mr Bond had been proposing to pay them less than a cent for each dollar owed, in a bold attempt to secure a release from his personal bankruptcy. As the meeting broke up in Melbourne, Mr Robert Ramsay, Mr Bond's bankruptcy trustee, said a revised offer had been put, increasing the pool available by about A$1m to around A$3.25m. The meeting would resume on January 31, he said. *Nikki Tait*

New Zealand repays most debt

Unexpectedly strong economic growth will allow the New Zealand government to repay most of its foreign debt within the next four years, Mr Bill Birch, minister of finance, said. In releasing on Tuesday what he said was the most positive budget outlook the country had seen in decades, Mr Birch forecast that the surplus for the financial year to June 30 would be NZ$2.3bn (£940m), twice the estimate made in the budget in June. The Treasury estimates that, helped by higher tax income, the surplus will grow to NZ$3.5bn in 1996, to NZ$5bn in 1997 and to NZ7.6bn in 1998.

Mr Birch said that the government will resist pressure to spend the surpluses on domestic programmes, but will continue to concentrate on repaying debt and keeping the brakes on inflation, rather than let the economy steam ahead. This would mean New Zealand could create more jobs and raise household incomes.

He ignored comments from opposition parties that this was the time to repay a "social dividend" and help the less privileged, who are said to have borne the brunt of economic restructuring.Mr Birch said that repaying NZ$10 billion in foreign debt would further strengthen the economy and bring down interest rates, which have risen sharply following this month's Reserve Bank actions to reduce demand in the economy. "Now is the time to save rather than spend. While a return to boom-bust cycles is unlikely we cannot afford to be complacent. Experience shows that circumstances can change very quickly." *Terry Hall, Wellington*

Turkmenistan devalues

Turkmenistan has cut the value of its currency, the manat, to bring the official and unofficial rates closer together. The new rate, announced on Tuesday, of 230 manats to the dollar, cuts the rate from the previous official rate of 10 to the dollar and commercial rate of 75 to the dollar. The manat, one of the weakest of the new currencies in spite of Turkmenistan's huge reserves of natural gas, has been devalued by over 90 per cent in stages. The average wage in Turkmenistan is 1,000 manats a month, though most staples and services are subsidised to very low prices. *John Lloyd, Moscow*

Indian inflation rate increases

India's inflation rate rose in the week ending December 3, adding fresh grist to the mill of critics of the government's economic policies. Voters in recent state election in which the ruling Congress (I) party suffered a serious defeat singled out the high rate of inflation as one of their main complaints about the central government, prompting demands from some Congress party members for a change in economic policy. Government figures published this week show wholesale prices rose 9.75 per cent in the week ending December 3, compared with the same period last year, up from 9.69 per cent the previous week. These are provisional figures – the final figures have recently been running 1 percentage point higher. *Stefan Wagstyl, New Delhi*

Twenty die in Burundi clashes

About 20 people were killed in two days of ethnic attacks in Burundi's capital Bujumbura which have brought the city close to a standstill, police said yesterday. Residents said Tuesday night was punctuated by the blasts of about 50 hand grenades and outbreaks of shooting following the killing of five people – most of them members of the Hutu majority – in the main market on Tuesday.

There have been widespread fears of a full-blown ethnic war after genocide between April and July in neighbouring Rwanda, Burundi's ethnic twin. In October and November, hundreds of people in Burundi were killed in attacks by Hutu extremists and in army reprisals

The latest attacks focused on the capital's northeast district of Bwiza, where witnesses said at least a dozen houses were set ablaze and destroyed. Buildings were still burning yesterday. Troops in Bwiza, one of the few remaining mixed districts of Tutsis and Hutus, told reporters at least 10 people were killed. *Reuter, Bujumbura*

مكرر من الاصل

Plan for N
dam under

December 22, 1994

To owners of Pentium® processor-based computers and the PC community.

We at Intel wish to sincerely apologize for our handling of the recently publicized Pentium processor flaw.

The Intel Inside® symbol means that your computer has a microprocessor second to none in quality and performance. Thousands of Intel employees work very hard to ensure that this is true. But no microprocessor is ever perfect.

What Intel continues to believe is that an extremely minor technical problem has taken on a life of its own. Although Intel firmly stands behind the quality of the current version of the Pentium processor, we recognize that many users have concerns.

We want to resolve these concerns.

Intel will exchange the current version of the Pentium processor for an updated version, in which this floating-point divide flaw is corrected, for any owner who requests it, free of charge anytime during the life of their computer. Just call +44 1793 696776, between 9am-7pm (Central European Time), on normal working days.

Sincerely,

Andrew S. Grove President and Chief Executive Officer	Craig R. Barrett Executive Vice President and Chief Operating Officer	Gordon E. Moore Chairman of the Board

intel.

NEWS: THE AMERICAS

Ted Bardacke on the continuing stalemate in the rebellious Mexican state

No blood but no solution in Chiapas

The new government of Mexico's President Ernesto Zedillo publicly blamed Tuesday's devaluation on the continued trouble in the southern state of Chiapas, site of an armed peasant uprising nearly one year ago. Easing the pressure on the currency would give the government time to resolve the violent conflict, officials say.

With tensions rising this week after a rebel "offensive" and an army "counter-attack" in which no shot was fired, the government certainly needs some space to manoeuvre. On Monday, facing no resistance from federal troops, members of the rebel Zapatista army and some of their civilian supporters took over the town of Simojovel and other nearby villages beyond the military cordon that had been hemming them.

On Tuesday, federal troops took back Simojovel, with the Zapatistas offering no resistance and heading back into the surrounding jungle.

But although both sides shied away from resuming violence, a long-lasting settlement in the state is as remote as ever. If anything, the stalemate that has prevailed since the initial violence of the January rebellion has deepened.

The Zapatistas, who launched their rebellion demanding increased rights for indigenous people and greater democracy, have been joined by a plethora of other groups inspired by or reacting against the uprising.

They range from armed peasants, now nominally allied with the Zapatistas, specialising in land takeovers, to mercenary armies paid by the state's powerful ranchers. The federal government, in a sometimes successful attempt to keep the state's problems out of the national spotlight, has generally tolerated the actions of these groups.

The unarmed middle of the political spectrum has also become crowded. Chiapas now has two governors – Mr Eduardo Robledo, the official governor, and Mr Amado Avendaño, a "parallel" governor recognised by the Zapatistas and the leftist Democratic Revolutionary party.

Mr Avendaño, who claims Mr Robledo won the governorship fraudulently for the ruling Institutional Revolutionary party in last August's election, has set up an alternative government which claims the support of between 34 and 58 of the state's 110 municipalities and the military backing of the Zapatistas.

Both Mr Robledo and Mr Avendaño are bent on unilaterally implementing reform programs in areas controlled by their respective constituencies.

The arrival of new forces in the conflict makes the government's task of reopening negotiations difficult. "It feels like Lebanon," says a European diplomat. "So many groups, tiny as they may be, legitimately deserve a place at the negotiating table. I'm not sure the government can construct a table big enough and the longer the stalemate is allowed to fester, the bigger the table is going to have to be."

Apart from the Zapatistas, at least three other armed peasant groups are active in the state. They say they will join the Zapatistas if full-scale war breaks out and have taken over large areas of land.

In response, ranchers have hired mercenaries, some reported to be veterans of nearby Central American wars, to take back the land, leading to numerous deadly clashes in both the central and southern parts of the state.

Zapatista rebels ride through the Lacandon forest in the southeastern state of Chiapas this week AP

Demobilising these groups will be difficult, as political institutions in the state are barely functioning. Mr Robledo has adopted an opposition agenda and promised a new constitution and electoral law, agrarian reform and respect for indigenous autonomy. He has also offered to quit his post as part of a successful negotiated settlement with the rebels.

The response from the opposition has been hostile. In the short term, Mr Avendaño can do little except continue to reject government proposals. He has no money, and said on his first day in "office" he was going to lead a government of democratic transition "as soon as I can find a desk and chair".

However, Mr Avendaño and his supporters have made one crucial promise – that everyone in areas adhering to his government will have enough to eat – that further threatens the stability of the impoverished state.

Since he took office on December 1, Mr Zedillo has unsuccessfully tried various formulas for opening peace negotiations.

The Zapatistas say that for talks to begin three conditions must be met: Mr Robledo must resign; Mr Avendaño must be recognised as governor; and Bishop Samule Ruiz, a campaigner for peace in Chiapas, must be the mediator. Each of these conditions will be difficult for the government to concede, especially when they guarantee only the opening of negotiations, not their completion.

OBITUARY: DEAN RUSK

Steadfast support for Vietnam war

By Dan Davidson

Dean Rusk, who died on Tuesday at the age of 85, was US secretary of state from 1961-69, serving throughout the Kennedy and Johnson administrations. Only Cordell Hull, under Franklin Roosevelt, enjoyed a longer tenure in nominal charge of US foreign policy. Yet Mr Rusk's reputation ultimately rests almost entirely on his role in prosecuting the Vietnam war.

He was born on a small farm in Cherokee, Georgia, in 1909. In 1931 he received a Rhodes Scholarship to St John's College, Oxford. There he observed what he regarded as a combination of pacifism, isolationism and public indifference, which, he believed, contributed immeasurably to the events that that led to the second world war. His later position on Vietnam was influenced strongly by his view of the 1930s.

He became an associate professor of government, and later dean, at Mills, a women's college in Oakland, California. During the war, he served in Washington and New Delhi and by June 1945, as a colonel, was on the war department general staff. On the night of August 10 1945 he was one of the two colonels who drew the fateful demarcation line for Korea at the 38th parallel.

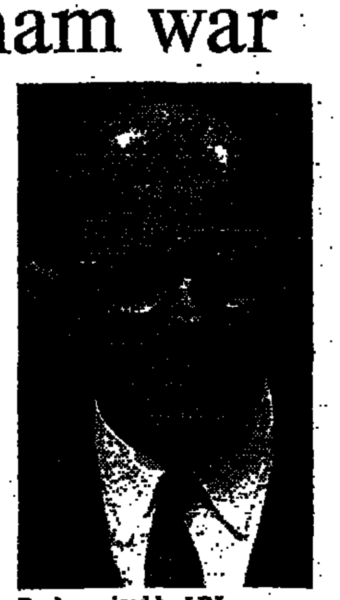
As an assistant secretary of state for UN affairs, he dealt with such issues as the future of Palestine and the Berlin blockade. He showed little enthusiasm for an independent new Jewish state and bitterly complained about what he regarded as excessive "Zionist" influence at the White House.

He was assistant secretary for far eastern affairs when North Korea invaded the South in June 1950. and later supported reunification.

He left the State Department for the presidency of the Rockefeller Foundation. In 1960, President-elect Kennedy, who had never previously met Mr Rusk, selected him as secretary of state after two short conversations, largely on the recommendation of senior members of the foreign policy establishment.

Mr Rusk opposed the Bay of Pigs invasion of Cuba in 1961, although, characteristically, his disagreement was not public at the time. When the Berlin Wall went up that year, he believed the western powers should stand their ground, taking no military action.

But Vietnam came to dominate US foreign policy under Mr Kennedy. Mr Rusk was convinced that "southeast Asia was vital to the security of the free world", and that it was necessary to preserve the independence of South Vietnam. During the 1964 presidential campaign, he abandoned the traditional neutrality of the secretary of state by publicly calling for the election of Lyndon Johnson.



Rusk: praised by LBJ

Like President Johnson, he implied that the US would not massively intervene in Asia. But he strongly supported each subsequent escalation of the US intervention in Vietnam. When the national consensus in support of the war came under strain and cabinet members and former senior officials changed their views, he remained steadfast.

He supported efforts at negotiation but the result he sought never wavered – he was not prepared to use negotiations to obtain what he viewed as a camouflaged surrender of the US position.

Despite the war, Mr Rusk was successful in pursuing better relations with the Soviet Union. The seeds of what came to be called détente were planted during his tenure.

In 1968, the Nuclear non-proliferation treaty was signed. However, Mr Johnson's plans to travel to Leningrad by warship for the opening of strategic arms limitation talks were stymied by the Soviet invasion of Czechoslovakia in 1968.

Mr Rusk left office in January 1969. Because of the unpopularity of his views on Vietnam, he was not offered an academic position at the most prestigious universities. In 1970, he became a professor at the University of Georgia, where he remained until his retirement in 1984. In 1990, his autobiography, As I Saw It, was published and he remained, to the last, unrepentant about the policies he had helped forge in the Vietnam war.

President Johnson, to whom Mr Rusk was always closer by temperament and background than he was to President Kennedy, wrote in 1969: "The man who has served me most intelligently, faithfully and nobly is Dean Rusk." No-one will quarrel with his faithfulness, but, because of his role in the Vietnamese tragedy, few will now agree that he served "most intelligently."

Dan Davidson, a Washington lawyer, served in the State Department under Dean Rusk and as a member of the US delegation to the Paris Vietnam peace talks in 1968.

Cuba cuts budget deficit

By Pascal Fletcher in Havana

Cuba says it has managed to cut its bloated budget deficit in a drive to balance the state accounts, seven months after launching financial reforms.

But a senior government official said big increases in production and efficiency were still needed to haul the sugar-exporting economy out of the doldrums.

Mr José Luis Rodriguez, finance minister, told the National Assembly on Tuesday the state budget deficit had been slashed in 1994 to nearly a quarter of its 1993 level.

He put the 1994 deficit at 1.4bn pesos (£897m), 72 per cent lower than the 1993 deficit of just over 5bn pesos.

The government had boosted revenues by 25 per cent, largely by raising cigarette and alcohol prices, but also by introducing some taxes and increasing charges in selected public utilities and services.

Another big saving was achieved in cutting by nearly 40 per cent state subsidies previously doled out to cover losses in agriculture, basic industry, construction and local government. Improved financial discipline by state companies had also helped to lighten the 1994 budget load.

Vice President Carlos Lage said on Saturday he believed the government had managed to check the sharp decline of the economy that followed the collapse after 1990 of trade and aid flows from the former Soviet bloc.

The National Assembly on Tuesday approved a budget proposal for 1995 that further cut the deficit to 1bn pesos, on estimated revenues of 11.68bn pesos and projected spending of 12.68bn pesos.

While spending on health and education would increase slightly in 1995, the government would further reduce by nearly 35 per cent subsidies to cover losses by state companies and institutions

A continuing budget black spot was the heavily subsidised sugar sector, where, following disastrously low harvests in 1993 and 1994, funds still had to be set aside to bankroll struggling sugar cane co-operatives.

A government announcement on Tuesday creating a "convertible peso" to exist alongside the domestic peso in the internal economy appeared to raise more questions than it answered. The government said the idea was to control foreign currency circulation better inside the economy but it did not order – as had been feared – an obligatory exchange of dollars for the new, parallel peso, whose value was set at one US dollar.

Cardoso names ministers

By Angus Foster in São Paulo

Mr Fernando Henrique Cardoso, who takes over as Brazil's president on January 1, yesterday named his team of ministers and said they would make the changes needed "to put the house in order".

The 20 ministries were divided almost equally between people appointed for political reasons and for technical merit. Mr Cardoso had said he wanted the best ministers possible, but has been forced to make some compromises to build political support and a working majority in Congress.

The team of economists linked to the Finance Ministry, who oversaw the July launch of the Real currency, will remain in place, but some will move jobs. Mr Pedro Malan, central bank governor, will become finance minister. He will be replaced by Mr Persio Arida, known to favour privatising some of Brazil's loss-making state banks.

Mr José Serra, a leading figure in Mr Cardoso's Social Democracy party (PSDB), will take over the Planning Ministry, where he will control the government's budget. Mr Serra has criticised the economic team's strategy of over-relying on the Real in the fight against inflation. Some analysts believe he and the team could clash once the new government takes over.

Mr Cardoso signalled he would crack down on waste in three of the main spending ministries. Mr Adib Jatene, a former health minister known for fighting corruption, returns to Health. Mr Reinhold Stephanes, who began reforming the social security system, returns to his old job as social security minister. Mr Paulo Renato da Souza, Mr Cardoso's chief campaign co-ordinator, takes charge of education.

Mr Cardoso also made a number of purely political choices. Mr Raimundo Brito, new mines and energy minister, will have an important role in privatisations. Mr Brito was proposed by Mr Antônio Carlos Magalhães, the leader of the Liberal Front party (PFL), which joined Mr Cardoso's election alliance.

Mr Nelson Jobim, a respected politician and lawyer, will be justice minister and Mr Luiz Felipe Lampréia, ambassador to the UN in Switzerland, foreign minister.

Pele, the footballer, will be special secretary for sports.

Mr Francisco Weffort, a well-known political scientist who is close to the left-wing Workers party (PT), will be culture minister.

World Bank agrees $40m emergency loan for Haiti

By Nancy Dunne in Washington

The World Bank has approved a $40m emergency loan for Haiti, the first of an estimated $663m in various credits expected over the next 12-18 months, as the international community attempts to assist the poorest country in the western hemisphere.

The first $20m could be distributed "in a matter of weeks to get the machinery of the private sector going again", according to Mr Rainer Steckhan, director of special operations. The so called "fast disbursing" loan is from the World Bank's soft-loan arm, the International Development Association. It will be used to provide emergency supplies, such as medicine, spare parts and oil.

This will be the first new lending for Haiti since the military overthrew President Jean-Bertrand Aristide in 1991. The World Bank board gave its approval after Haiti on Monday paid its arrears to the multilateral institutions with $82m in aid contributed from 10 countries. Haiti's Congress was expected to approve the package yesterday.

The donors included the US, Japan, Switzerland, France, Canada, the Netherlands and Switzerland.

Also contributing were Argentina, Mexico and the Dominican Republic, "an expression of solidarity in the hemisphere", which World Bank officials said they found encouraging.

The IDA on Tuesday also unfroze funds for six projects under way in Haiti when lending was cut off. The balance – about $104m – will go towards the projects to develop water supplies, industry, power, transport and health.

With no real precedents for rescuing a country so poor, newly returned to democracy, the banks are moving swiftly but cautiously. Disbursements will be closely monitored.

NEWS: WORLD TRADE

Ford looks to Vietnam venture

By John Griffiths

Ford has said it will apply to the Vietnamese government early next year for a licence to build vehicles with a local partner, state-owned Song Cong Diesel.

Speaking after talks with senior government officials in Hanoi yesterday Mr Wayne Booker, a Ford executive vice-president, would give no details of the vehicles Ford intends to build or the volumes in which they would be produced.

He said the project would reflect Ford's determination "to become a key player" in the Vietnamese and other Asian markets.

Negotiations on the project are at an advanced stage, following several months spent on a feasibility study. Ford will be the majority partner in the venture.

Ford, the world's second largest vehicle maker, is joining a queue of manufacturers either planning to make or already producing vehicles in Vietnam.

In October, Chrysler announced a $100m joint venture to build mini-vans and possibly four-wheel drive vehicles, the first venture by a US carmaker since the lifting of the US economic embargo on Vietnam this year.

Several international vehicle makers are considering projects in the country, in spite of difficulties in finding local partners with experience in the industry.

Gatt chief to stay as WTO caretaker

By Frances Williams in Geneva

Mr Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, yesterday agreed to stay on as caretaker head of the World Trade Organisation until March 15 to allow more time for the selection of his successor.

Mr Sutherland had previously announced his intention to leave before January 1 when the WTO starts work. He is staying on as caretaker so that trading powers can break the deadlock between three official candidates seeking the post.

The candidates for director-general of the WTO are Mr Renato Ruggiero, former Italian trade minister, Mr Carlos Salinas de Gortari, who left office as Mexican president earlier this month, and Mr Kim Chul-su, South Korea's trade and industry minister.

But with the contest in a stalemate arising from a three-way regional split, some officials are already considering the possibility of new candidates emerging with a better chance of securing the required consensus.

Although Mr Kim has run a good campaign, winning support from Japan and Australia as well as the bulk of Asia, diplomats acknowledge that he has no chance of winning without the US or the European Union on his side.

The assumption in Geneva is that Washington and Brussels eventually will cut a deal broadly acceptable to other WTO members – but for the moment neither is interested in bargaining.

Mr Ruggiero, the European Union candidate, already has the backing of more than half Gatt's 125 members. However, they are concentrated in Europe and among poor developing nations with close aid and trade links to the EU.

Brussels is hoping that Mr Kim's supporters will turn to Mr Ruggiero once their man bows out – but Mr Kim has said he will stay in the race to the end.

Meanwhile Mr Salinas, with the US, Canada and the whole of Latin America in support, has barely begun his campaign. Washington was unwilling to lobby actively on his behalf before the US Senate vote which ratified the WTO agreement on December 1.

Another factor claimed in Mr Ruggiero's favour – the decision to give the top job at the Organisation for Economic Co-operation and Development in Paris to a Canadian – is discounted by Mr Salinas' supporters. "There's no reason why North Americans should not hold both jobs," says one. "Europe did so for 40 years."

Mr Sutherland, whose contract ends next June, has said repeatedly he is not a candidate for the WTO post. Mr Philip Burdon of New Zealand, who did not run this year, has indicated he might be available if none of the three declared runners attracted sufficient support.

● By late yesterday, 71 countries had ratified the WTO agreement and the Uruguay Round trade accords, Gatt officials said.

Sutherland: stays until March

EU fines shipping group over price-fixing

By Emma Tucker in Brussels

The European Commission yesterday acted to prohibit price-fixing arrangements by a group of shipping companies in what could be the first of many cases against potentially illegal shipping agreements.

Mr Karel Van Miert, commissioner responsible for competition policy, said members of the Far Eastern Freight Conference – a group of 14 shipping companies – were banned from fixing prices for the land transport of container cargo.

He ruled that shipping companies were allowed to set common rates for sea transport but not for the land-based leg of journeys.

The decision means that from now the FEFC will not be allowed to fix prices with road-haulers and other land-based carriers for the transport of containers to and from ports within the EU.

The FEFC, one of the world's largest liner shipping conferences, reacted angrily to the decision and said it would appeal to the European court of Justice. Its members include P&O Containers, Compagnie Generale Maritime and Orient Overseas Container Line.

Each of the 14 companies was given a "symbolic" fine of Ecu10,000 ($12,100). The commission said this was to mark the existence of the offence and the need for compliance with EU competition rules.

Mr Patrick Giles, FEFC director-general, said: "The commission has failed to recognise the international nature of the trade and has ignored th many representations of both EU and non-EU governments and shipowners... the stability afforded by the present conference inland tariff is essential. Thought-through evolution and investment is preferable to abrupt revolution."

An existing EU regulation permits shipping companies to fix prices for sea transport services. But in 1989 the commission received a complaint from the German Shippers' Council that members of the FEFC were agreeing prices not only for sea transport but also for inland transport services.

The FEFC is one of many global shipping "conferences" – the traditional way in which the world's shipping trade is organised. Others can now expect similar treatment from the commission. This could lead to a shake-up in the provision of "door-to-door" services by shipping companies dealing with container cargo.

The FEFC argued that all its price-fixing activities were covered by EU rules that exempted price-fixing for sea transport. Further, it said that the absence of collective inland rate-fixing would endanger the stabilising role of liner conferences by undermining the rates set collectively for maritime services.

The commission rejected these arguments on the grounds that an exemption for one activity could not justify an exemption for all other revenue-producing activities. It added that other providers of inland transport services, which were not allowed to fix prices, were put at a competitive disadvantage.

WORLD TRADE NEWS DIGEST

Athens casino licence awarded

Greece has awarded an Athens casino licence to a Greek-South African consortium for Dr11bn ($45m). The casino, due to open at the end of 1995, will be managed by Sun International, owned by Ms Sol Kerzner, South African hotelier and casino operator. The consortium, in which Sun International has a 10 per cent stake, also agreed to invest $400m in building a 300-bed hotel, marina and conference centre on a waterfront site leased from the Greek state. The other participants are four Greek construction companies and Marracom, a Greek-backed investment company.

The other shortlisted bidder for the project, the largest private investment in Greece for more than a decade, was London Clubs, the UK gaming concern, which offered Dr10.8bn for the 12-year licence. The tourism ministry postponed decision on a second casino licence as the only bidder, Hyatt Casino Corporation, gaming arm of the US hotel group, offered only Dr11bn to take over an existing state-owned casino at Mount Parnes outside Athens which was valued initially at more than Dr20bn. Hyatt earlier this year won a licence for a casino at Thessaloniki, northern Greece. *Kerin Hope, Athens*

■ ABB, the electrical engineering multinational, and India-based Universal Cables (UCL) have formed a joint venture to make high-voltage underground power transmission cables at Satna, Madhya Pradesh state. ABB will have a 51 per cent stake in the venture, Universal ABB Power Cables, which initially will employ about 100 people. *Andrew Baxter, London*

■ SNC-Lavalin, Canada's biggest engineering consultants and construction managers, has won a C$115m ($83m) turnkey contract from the Kenyan government to build an international airport at Eldoret, 240 miles from Nairobi, with a 11,500ft main runway. *Robert Gibbens, Montreal*

■ Daewoo Electronics Co, a member of South Korea's Daewoo Group, has signed a contract with Israeli trading company Talcar to export $50m worth of electronic appliances. Talcar will have exclusive rights for three years to sell Daewoo appliances in Israel. *Reuter, Seoul*

■ Siemens of Germany has been awarded a DM125m ($79.3m) contract to build a monorail passenger shuttle between the ICE high-speed train station in Düsseldorf and Düsseldorf airport. The contract was awarded by the Düsseldorf Airport Authority. *AFX, Munich*

■ Norway's state oil company Statoil said it recommended laying a new gas pipeline to Dunkirk in France from the North Seaat an estimated cost of SKr9bn ($1.2bn). The recommendation has to be approved by the gas supply committee and parliament. *Reuter, Oslo*

هكذا من الاصل

Lloyd's boosted by influx of investors from US

By Ralph Atkins,
Insurance Correspondent

US investors have provided the bulk of new capital committed to Lloyd's of London for next year, partly filling the hole left by exiting Names – individuals whose assets traditionally supported the insurance market.

A total of £381m has been raised by companies for next year in addition to £900m invested this year. More than half of the new money came from the US – in sharp contrast to when UK institutions provided most of the new Lloyd's capital.

Hard-hit Lloyd's of London members notched up another court victory yesterday – theoretically worth £80m ($124.8m) – as the insurance market unveiled figures showing still more Names ceasing active participation and a fall in underwriting capacity.

The High Court ruling on damages for Names on the Gooda Walker syndicate 387 coincided with figures showing the market's underwriting capacity will fall to £10.2bn in 1995 compared with £10.9bn this year. The number of Names actively underwriting will fall by about 15 per cent to 14,804, the biggest percentage fall for three years.

However, Mr David Rowland, Lloyd's chairman, said the capacity expected would be in line with the insurance market's requirements. "Lloyd's underwriters are still being selective in the business that they write. Present market conditions indicate that there are good opportunities for underwriting profitable business in 1995," he said.

Much of the shortfall in capacity resulting from Names seeking to resign has been made up by new corporate capital, which will account for about 23 per cent of capacity next year compared with 15 per cent in 1994.

Separately, the Court of Appeal yesterday overturned an earlier decision barring about 1,000 Names suing for losses on Merrett syndicates because they did not lodge the claim in time.

About 70 per cent of the investment for 1995 has come from the international insurance industry or specialist insurance investment funds.

Many investors were put off by Lloyd's continuing difficulties – including outstanding litigation and enormous potential liabilities, particularly from US asbestosis and pollution claims. The poor share performance of listed corporate vehicles launched last year also acted as a deterrent.

One US fund which had pledged £50m abandoned its plans at the last moment, apparently worried that Lloyd's was not changing quickly enough from a market that raised funds from individuals, on the basis of unlimited liability, to corporate capital.

Where investors have committed funds for 1995, most have chosen "dedicated" companies which invest only in syndicates run by one managing agency, unlike most of those who entered this year, which have spread funds across a wide range.

Lloyd's four biggest investors in 1995 are:

- Insurance Partners, a $540m US equity investment fund specialising in the insurance industry.
- Harvard Private Capital Group, which manages $1.4bn of private investments and is a subsidiary of the company running the $7bn endowment fund of Harvard University.
- Trident, a Bermuda-based company investing in insurance and reinsurance. It was formed a year ago by Marsh & McLennan, the world's biggest insurance broker, J.P. Morgan, Mid Ocean, a Bermuda reinsurance company, and Byrne Sons, a small investment bank.
- Liberty Mutual, the US insurance company which has raised £40m to invest in a syndicate currently run by the Cater Allen managing agency.

QE2 refit problem hits US passengers

By Neil Buckley

US passengers due to join the Queen Elizabeth 2's ill-fated Christmas cruise in New York became the latest victims of the liner's unfinished £30m refit programme as their holidays were cancelled yesterday.

The New York office of Cunard, the ship's owner, said yesterday that 1,000 passengers would leave New York tonight on the next leg of the QE2's cruise. But it admitted it had been "adjusting the inventory" – fewer cabins would be available – and an undisclosed number of passengers who could not be accommodated would be offered alternative cruises in compensation.

It refused to reveal how many passengers had been due to sail from New York.

The US passengers join 158 disappointed UK holders of tickets who were due to join the cruise in New York but had their holidays cancelled late on Tuesday, as well as 500 left behind when the liner sailed from Southampton last Saturday.

Cunard in London insisted there would be no further cancellations.

It said refitting work was continuing on the liner after bad weather had caused delays, and insisted that enough accommodation would be ready.

Passengers on board reacted angrily to news that hundreds more would be joining in New York. They have complained of conditions resembling a "building site", overflowing toilets, "stinking" swimming pools and closed facilities.

They have formed an action committee which plans to take legal action against Cunard.

Passengers not disembarking in the US but continuing to the Caribbean and round-the-world cruise were told yesterday they would not have the planned day's stop in New York.

The liner is expected to arrive in New York 16 hours behind schedule.

Cabinet heads for consensus on referendum

By Kevin Brown,
Political Correspondent

Senior British ministers believe the cabinet is moving towards a consensus on prime minister John Major's commitment to hold a referendum on further European integration only if significant constitutional issues are at stake.

Mr Douglas Hurd, foreign secretary, is understood to have established broad backing for Mr Major's formula – set out in a Financial Times interview on Tuesday – after contacting all 21 other cabinet ministers.

The emerging consensus reflects increasing confidence among ministers that the European Union's 1996 inter-governmental conference is unlikely to produce the drama of the last IGC at Maastricht in 1991.

There is also wide agreement that there is no need for a firm commitment to hold a referendum on the prospect of a single European currency because a decision to go ahead is unlikely before 1999 at the earliest.

Mr Major's formula stops short of committing the government to a referendum, meeting the concerns of pro-European cabinet ministers, led by Mr Kenneth Clarke, chancellor, and Mr Michael Heseltine, trade and industry secretary.

It also has the support of leading Eurosceptics who fear that a firm commitment would reduce the pressure on Mr Major to veto any unexpected proposals for constitutional change at the IGC.

The Eurosceptics also believe that a firm undertaking to hold a referendum on a single currency would be counter-productive because it would increase the chances of a decision to go ahead.

The broad support for Mr Major's approach to the referendum issue makes it unlikely that he will decide to offer a more clear-cut commitment to a referendum on either the IGC or the single currency in the New Year, as has been widely suggested.

However, the prime minister may restate his approach more clearly, probably linking the role of referendums on European questions to the constitutional implications of Labour's plans to reform the Lords and set up Scottish and Welsh parliaments.

Mr Hurd is expected to take the lead in staking out an approach to the IGC negotiations on which the broad mass of the Conservative parliamentary party can stand.

John Major receives a traditional seasonal gift from Britain's turkey producers yesterday

Insurance price war fears rise

By Ralph Atkins,
Insurance Correspondent

Halifax, the UK's biggest building society, yesterday intensified already fierce price competition in the household insurance sector by announcing cuts averaging 20 per cent for building cover from next year.

The move threatens to accelerate falls in household insurance premiums and reduce the profitability of the UK's main insurers.

Shares in Sun Alliance, which provides about 75 per cent of the household insurance policies Halifax sells, ended 13p lower last night at 300p. Royal Insurance, another large supplier to Halifax, saw its shares fall 9p to 279p.

Halifax's decision may also increase competition among building societies which have traditionally profited from high commissions on insurance policies sold with mortgages. Next year, new rules are expected to allow building societies to offer their own insurance products.

By refining risk assesment methods, Halifax says some building insurance rates may drop by up to 60 per cent.

Sun Alliance, which appears to have been forced by Halifax into accepting the price cuts, said the falls were in line with market trends and only affected about a third of its Halifax business.

The group is estimated to have had a profit margin of about 30 per cent on its Halifax building insurance business.

Other insurance companies said the Halifax was cutting rates from a high level, but the fear in the sector is that premium cuts will trigger cuts for other insurance products.

Belgian judge is fined in London

A Supreme Court judge from Belgium told a London court yesterday that he had refused to take a breathalyser test because of a European court ruling that they can no longer be enforced.

But Mr Claude Persoons was told by magistrate Miss Alison Barker that she was fining him £300, ($468) ordering him to pay £50 expenses and banning him from driving for 18 months under English law.

She also told him to pay up within 14 days or face two weeks in jail. Mr Persoons, who stormed out of London's Horseferry Road court after the verdict, said he intended to appeal. "I am not happy with the result, not by a long shot, because I am protected by the legal decision from Strasbourg," he declared.

Police Constable Raymond Palmer said the judge's breath smelled strongly of drink and his eyes were glazed and watery. He was unsteady on his feet as he got out of the car and said he had drunk three glasses of wine.

He was asked to take a roadside breath-test, but failed twice, pretending to blow into the bag but not enough to register a reading, the court was told.

Police Sergeant Paul Freeman said: "He simply refused to provide a specimen and said he had been told by the King of his country and by our Queen not to blow into the machine."

The judge said that under a European Court ruling motorists stopped by police can refuse to give a breathalyser specimen for fear of "incriminating" themselves.

"This rule of Strasbourg overrules any law in this country, Britain.

Pension schemes sell non-UK holdings

By Norma Cohen,
Investments Correspondent

UK pension schemes were unusually heavy sellers of shares in non-UK companies during the third quarter of 1994, data from the Central Statistics Office show.

Pension schemes sold £1.9bn of non-UK shares in the quarter, continuing a trend begun in the second quarter when their holdings fell by a net £694m. The outflow from non-UK shares was greater in the third quarter than the total net inflow by pension schemes for the whole of 1993. Schemes continued to increase their holdings of UK government gilts, investing £3bn in the third quarter, the highest quarterly inflow into gilts since the second quarter of 1992. The increasing proportion of current and deferred pensioners among the UK's largest schemes has required a shift out of equities and into gilts in order to ensure that investments produce the cashflow needed to meet all liabilities.

However, pension schemes were the only category of investor to shun non-UK shares so heavily. Unit trusts made a net investment of £900m in the quarter, the highest such inflow into non-UK shares since the third quarter of 1993.

Advisers singled out, Page 8

Factory in north-east England would be near South Korean group's electronics plant

Samsung may assemble excavators

By Paul Taylor and Chris Tighe

Samsung, the Korean industrial group building a £450m electronics complex in north-east England, is "seriously considering" setting up a UK plant to assemble excavators and other heavy equipment.

The group, which earlier this week marked the establishment of its European headquarters in Britain by switching on a vast neon advertising sign in London's Piccadilly Circus, said it was *considering a number of sites in* England for the new assembly plant.

The new factory will be near an electronics plant to be built by Samsung *with the backing of more than £25m in* aid from UK public authorities.

Mr Sung-Rai Choi, the recently appointed president of Samsung Europe, said the group expected to make a decision on the new investment soon. No financial details of the planned level of additional investment were given, but Samsung said the new plant was expected to employ about 100 people initially.

Mr Jaehyung Lee, managing director of Samsung UK, said the proposed plant would be used at first to assemble excavators although production might be *extended to include fork lift trucks and* other equipment. Samsung is understood to be negotiating over a number of potential sites.

An inward investment specialist familiar with the negotiations said yesterday that the company "has looked at the whole of the north-east of England as part of its site selection programme".

He added that Samsung had looked at a number of large disused industrial sites in Cleveland. Komatsu, a the rival Japanese-owned earth moving equipment manufacturer, already has a plant at nearby Birtley. Samsung decided to *site its new electronics plant in Cleve*land after fierce competition among European Union members. The first phase of the plant, which will eventually provide 3,000 jobs, is due to be completed by next summer.

Mr Choi said the new plants, and the decision to site its European headquarters in the UK – which is itself expected to create another 500 jobs by the year 2000 – underline the group's determination to establish itself as a European manufacturer.

Child agency halts pursuit of 350,000 fathers

By James Blitz

The government yesterday tried to fend off a new wave of criticism of the Child Support Agency after its announcement that the organisation had "indefinitely" postponed the pursuit of some 350,000 absentee fathers.

As the Department of Social Security considers whether to announce a wide-ranging reform of the agency early in the new year, ministers argued that the scaling down of investigations into child support claims was a "temporary measure" reflecting "teething problems" faced by the organisation.

Earlier this week, Mr Alistair Burt, the minister with an overview of CSA operations, said the agency would not investigate absent fathers with families who had started receiving Income Support before April 1993. He said this would reduce the growing backlog of work faced by the organisation.

Mr Burt said the size of the backlog and the action taken to redress it reflected the difficulties faced by child support agencies all over the world. "We want it to work better; we know it is not working better at the moment," he said on BBC radio.

However, the opposition Labour party and social security pressure groups were quick to attack the decision, which marks the latest of several crises facing the agency. Mr Donald Dewar, Labour's social security spokesman, said the decision to shelve the investigation was "a panic measure of the worst sort." Mr Frank Field, Labour chairman of the House of Commons social security committee, absent fathers would be encouraged not to co-operate with CSA investigations. "Those who don't play the game will get away with it and those who do will be penalised."

Agency's short and troubled history

1991: Child Support Act passed by parliament with all-party backing for the principle of making absent fathers more accountable

1993 April: Child Support Agency starts operations

Dec: House of Commons committee issues damning criticism of agency, saying its rules are too tough on absent fathers.

1994 July: Agency is given extra £70m and hundreds more staff after first year report reveals catalogue of errors

Sept: Ms Ros Hepplewhite, chief executive, is replaced amid growing pressure on agency

Oct: Government report shows that 40 per cent of maintenance assessments made by agency in previous year had been incorrect

Dec: Agency shelves indefinitely the pursuit of 350,000 fathers to help meet backlog of cases

BSkyB to step up war on pirates

By Raymond Snoddy

British Sky Broadcasting, the satellite television venture, plans to intensify its legal battle against pirates following a significant victory in the High Court in London.

The company has obtained a permanent injunction against a prominent supplier of pirates devices, Mr David Lyons, who was described by a judge as a parasite.

BSkyB said yesterday that apart from the permanent injunction Mr Lyons has to give up all pirate devices in his possession and his bank accounts are to be frozen.

Pirates have been using a wide range of devices to try to get round BSkyB's scrambling system, designed to ensure that only those who pay *monthly subscriptions* can watch most of the channels. In the past, devices have ranged from counterfeit cards which "unlock" the signal to those designed to switch on "dead" smart cards or upgrade genuine cards so they can be used to view all BSkyB channels.

The judge rejected the claim from Mr Lyons' lawyer that a UK copyright rule stating that broadcasters have to transmit to a satellite from the UK amounted to discrimination under European Union law.

Watchdog singles out pension advisers

By Alison Smith

Life companies which seem to have advised the most people to leave employers' pensions schemes and take out personal plans will have to make greater efforts to identify potential victims than other insurers, City regulators said yesterday.

The Securities and Investments Board, the UK's chief financial services watchdog, said companies which could show that they had fewer victims in the categories of investors most at risk would not have to go to such lengths to persuade them to respond.

The differences in how far life insurers will have to go were revealed as the SIB published guidance about how the millions of personal pension holders should be approached to identify those who should be compensated.

The guidance contains three warnings that the exercise must not be used to try to sell new policies to investors – *suggesting that the regulators* believe life companies and advisers would otherwise see it as a marketing opportunity.

The SIB questionnaire is an important step in identifying the estimated 850,000 people who were advised to take a personal pension and opt out of, or not to join, an occupational scheme.

The SIB has said that most of the 350,000 priority cases should be reviewed by the end of 1996.

London Life Association, a division of London Life Group, has been fined £50,000 by Imro, the self-regulating body for the fund management industry, for breaches of rules which left client money at risk. Imro said no losses had occurred to clients of the Bristol-based firm as a result. London Life has also agreed to pay costs of £35,000.

UK NEWS DIGEST

Five die as Boeing jet crashes

Three aircrew and two cargo handlers were killed when their Air Algerie Boeing 737-200 air freighter, on charter to Phoenix Aviation, crashed on its approach to Coventry Airport in the English Midlands. The freighter clipped the roofs of two houses, hit an electricity pylon – cutting supplies to large sections of Coventry for several hours – and caught fire. It came to rest in woodland without causing casualties on the ground. "It just missed a housing estate," said Chief Superintendent Peter Clay of West Midlands Police.

Phoenix Aviation chartered the aircraft to carry live cattle to France and the Netherlands. The aircraft had taken a load to Amsterdam and was returning empty to Coventry after a diversion to East Midlands Airport because of early morning fog. Conditions in Coventry were still misty at the time of the crash.

Air accident investigators are searching for clues on why the 21 year-old aircraft prematurely lost altitude. The flight recorder has been found. Local residents said they had been warning of the dangers of low flying aircraft for 20 years. The crash prompted animal rights activists to demonstrate against the cattle trade outside Coventry City Council.

Jaguar strike averted

Jaguar car workers voted narrowly against striking to improve a two-year pay deal. Almost 4,000 workers at the company, an offshoot of Ford of the US, decided in a ballot by a majority of 273 to accept the offer, worth 3.5 per cent over the next year and 4 per cent (or the rate inflation if higher) the year after.

Texaco N Sea contract

Texaco has awarded a £300m ($468m) contract to a consortium of engineering companies for the production facilities for its Captain oil project in the North Sea. One member of the consortium, UiE, says the order will result in the creation of 700 jobs at its Clydebank yard. *UiE is a subsidiary of Bouygues of France.*

Other companies in the consortium include ABB, Stena Offshore and Asanto of Spain which will build Captain's floating production system.

Trucks group banned

A truck company involved in a road crash which left six people dead was banned from the road in a rare decision by the Department of Transport. Fewston Haulage Transport had its operator's licence for 30 vehicles and six trailors revoked. The driver of one of its trucks together with the driver of a van, three women and a child were killed when the truck went out of control and crashed into shops at Bolton Brow, in northern England.

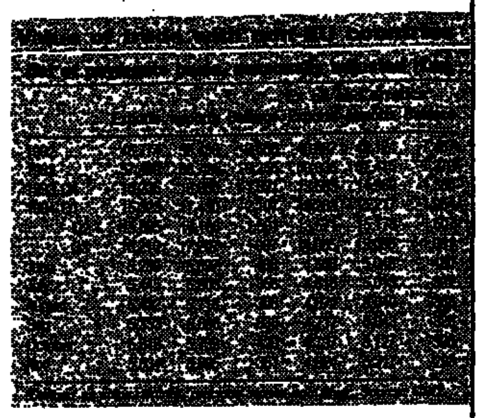
Traffic commissioner Mr Keith Waterworth said vehicle maintenance at Fewston had been at a "miserable level" and that the company's name would be "forever sullied". Mr Denis Waterworth, whose brother perished when his Fewston truck crashed into the shops said: "I have achieved what I set out to do. We have educated a few would-be road hauliers."

Trade deficit dwindles

The recent improvement in the UK's visible trade performance continued in November, with the country recording its lowest underlying deficit with countries outside the European Union countries since January 1988.

If oil and erratic items such as precious stones are excluded, the November deficit with non-EU countries was £293m, down from £390m in October. The Central Statistical Office said increased exports of chemicals, material manufactures and some finished manufactures were responsible for the improvement. Exports and imports reached record levels, boosted by increased trade in precious stones.

The CSO said the trend was for a flattening in the deficit. In the first 11 months of the year the deficit was £5.4bn compared with £8.6bn in the same period last year.



HELIPORT BLOCKED Plans for a £1.5m ($2.3m) floating heliport on the Thames in London were blocked by the High Court. A judge ruled that normal planning rules applied even though the scheme would entail a floating vessel sited on various parts of the river.

£90,000 THRILL: An unemployed man drove a new Volvo 850 estate car out of a car showroom through its window and crashed into a group of other vehicles on the forecourt, a Manchester court was told. Shaun O'Hare offered to buy the car from the dealership in Nelson, north-west England, but was told "No money; no car." O'Hare told police: "I enjoyed it; it was one of the thrills you never forget."

£715 SCOUT UNIFORM Comedy star Benny Hill's outsize boy scout uniform, in which he was pursued by scantily-clad women in his television shows, was auctioned for £715 ($1,115) at Christie's in London. A telephone bidder bought the costume complete with woggle.

هكذا من الاصل

As prices rise, dairies are adopting new strategies, write **Deborah Hargreaves** and **Alison Maitland**

Fresh milk runs out of bottle

It will come as a surprise to most British milk-drinkers that, in a recent Gallup survey, 96 per cent of the people sampled could not taste the difference between longlife and fresh milk. Most British consumers insist the taste of UHT (ultra heat treated) milk puts them off. Unlike their French and Spanish counterparts, UK shoppers have resisted the pull of convenience over what they perceive as the superior taste of fresh milk.

But Tetra Pak, the international packaging and milk processing company that commissioned the survey, plans a wide marketing campaign to try to remove some of the shoppers' prejudice.

"Longlife has never been actively marketed, positioned or explained in the UK market and it will be difficult to persuade consumers that it is acceptable and palatable," says Steve Milne, marketing manager at Tetra Pak. But the company believes the *time is right* to try to build a market almost from scratch – UHT represents around 5 per cent *of the 5.8bn-litre UK milk market.*

The £3.3bn milk market in England and Wales is currently in a state of flux following the liberalisation of supply in November which introduced competitive forces for the first time in 60 years. The uncertainties in the market and the continuing decline of doorstep sales could provide an opening for longlife, Milne believes.

At the same time, improvements in processing techniques have made UHT more palatable. "The public's perception of UHT is lagging the reality and we're coming up with an information and communication campaign to try and explain that," says Milne.

The company is considering widespread TV and media advertising in the new year, but it is also testing the results of a range of different marketing techniques. In the run-up to Christmas, it plans to stress the convenience of having a cupboard-full of longlife milk instead of jamming the fridge full of bottles of fresh.

The company plans to drop leaflets at half the homes in the UK in coming weeks, it is paying for promotional features in leading food magazines and sponsoring the Christmas edition of the TV Times where a cookery article will stress the benefits of longlife. At the same time, it is hoping that UHT taste testings at supermarkets across the country will help change attitudes.

Milne says that, while improvements in processing techniques have made longlife taste better, the real break for UHT could come from consumer preferences for lower fat products. It is the cream that is affected by the heat treatment process causing a slight caramel taste. But semi-skimmed and skimmed UHT milk differ little in taste from fresh, pasteurised milk since they also contain less cream.

When asked to rank the milk they liked best in blind tasting, a majority of the 535 people sampled in the Gallup survey chose semi-skimmed UHT ahead of semi-skimmed pasteurised and skimmed fresh milks. In addition, seven in 10 of the respondents found the taste of the UHT milks acceptable.

Milne stresses that longlife milk can solve a variety of problems for the dairy industry which is still coming to terms with the new competitive market. For one, processing of UHT milk can be an outlet for supply surpluses that are created at certain times of the year when cows are having calves. Dairies are rapidly closing excess capacity for producing butter and skimmed milk powder, traditionally used to cope with excess supply.

Longlife milk could also help to boost overall milk consumption in spite of the decline in doorstep sales. "Our survey found that 48 per cent of the households headed by people in the 16-44 age range had run out of milk at some point in the past six weeks," he said. "When that happens people start to develop a taste for black coffee and use less milk." He wants to position longlife as a top-up product to ensure that shoppers never run out – UHT has a shelf life of six months.

A growth in longlife use will reduce the need for supermarkets to provide costly refrigeration equipment as more consumers turn to them for milk. The ease of distribution of longlife milk has been a factor in its growth on the continent where French consumption has risen to around 60 per cent of the market in the past 20 years.

Longlife has proved so successful in Mediterranean countries because it keeps better in the hot climate. UHT has expanded in Spain from an almost negligible share of the market to a share of around 80 per cent of sales in the past 10 years.

Tetra Pak does not expect longlife to take over in the UK, which is the only market in Europe where fresh milk dominates. But the company hopes sales may double in the next three years so that eventually it will resemble the German market where consumption is split evenly.

DH

When brothers Ian and David Skailes tuck into their Christmas lunch, the Stilton on their cheeseboard is likely to absorb more of their attention than usual.

As specialist cheese-makers supplying London retailers Fortnum & Mason, Selfridges and Harrods, their priority is to produce the best cheese money can buy.

But this year's deregulation of the milk market – accompanied by a surge in the cost of milk – has spurred them to find new ways of adding value to their cheeses.

"There's a strong market for jars of Stilton and presentation packs," says Ian Skailes, production director of Cropwell Bishop Creamery, the family company based outside Nottingham.

"We do a lot of sales at airport shops. We're looking at new packaging and presentation and making sure quality is always at the top end of the market," he says.

Since deregulation on November 1, cheesemakers have had to pay up to 20 per cent more for their milk from Milk Marque, the dairy producers' co-operative that replaced the statutory Milk Marketing Board and controls more than 65 per cent of supplies.

Both specialist and mass producers are moving further upmarket in an attempt to maintain margins and market share.

Last month the Nottinghamshire creamery cut output of its lower value Cheddar and Leicester by 40 per cent.

It is now making about 800 tonnes of Stilton and 500 tonnes of Cheddar and Leicester a year, a dramatic change from three years ago when the respective balance was 600 tonnes of Stilton to 1,500 tonnes of "hard-pressed" cheese. "There's no money to be made out of Cheddar," says Skailes.

Milk represents 75-90 per cent of the cost of making Cheddar, but nearer 60 per cent of the cost of producing Stilton, which is more labour-intensive. Cropwell Bishop hopes to pass on its increased costs to its customers in January in the form of a 10 per cent rise in prices.

Singleton's Dairy in Lancashire also foresaw an increase in milk prices as deregulation loomed. It decided to move away from its 60 per cent dependence on block Cheddar into higher-value cheeses. Last year, it launched Truckledown, a new cheese made from "a mixture of a few of our old family recipes", says Bill Riding, director.

This year it introduced Grandma Singleton's Strong Lancashire, matured for a record nine-10 months. "We got a feeling the cheese market was looking towards more mature cheeses," Riding explains. "Cheese consumers are also becoming more cosmopolitan and trying more varieties."

The dairy is now building up its supplies of traditional farmhouse cheeses to supermarket delicatessen counters. Like Cropwell Bishop, it is also enjoying a growth in demand for its cheeses from the continent.

At the mass end of the £1.2bn cheese market, adding value is just as important, although the spur is the threat of imports rather than the promise of exports. The industry believes higher prices will draw in more imported cheese, which already accounts for 30 per cent of the market and is dominated by mild Cheddar, notably from Ireland.

The Cheese Company, Britain's biggest independent manufacturer, is busy trying to differentiate its product from such imports to hold on to its 24 per cent market share.

It has adopted a marketing tactic known as "sub-branding" – where the name of the creamery is carried on the label alongside that of the retailer. "Our research has shown that way above the price and appearance of the cheese people like to know its origins," says Sharon Rudd, product manager.

The company has just launched a range of mostly mature cheeses from three of its five creameries – Taw Valley in Devon, Reece's in Cheshire and Castle Loch near Lockerbie in Scotland – in partnership with Marks and Spencer and Somerfield. The M&S labels provide a brief description of the cheese. Reece's Wensleydale is described as "a young cheese with a clean, tangy flavour and a crumbly texture".

This is one way for manufacturers to make inroads into a market that is 85 per cent dominated by retailers' own-label cheese. But does it amount to more than adding a few well-chosen words to a label?

Roger Davenport, the Cheese Company's managing director, believes it does. "We're making a contract with the consumer that cheese comes from where it says, and that the product is consistently delivering the expectations all the way through the year."

Although it has started with its most characterful, premium quality cheeses, the company hopes to pursue sub-branding throughout its range. It says other retailers are interested in the idea and aims to be in partnership with another leading multiple next year.

AM

Green shopper guide

Have high unemployment and the recession turned green consumers monochrome as black and white pricing issues have replaced environmental concerns on their shopping list?

Suggestions that environmental awareness has declined have prompted some UK retailers to withdraw green products, introduced during the environmental boom of the early 1990s. Others have claimed that recession-hit shoppers' preoccupation with saving money has dented their willingness to pay a bit extra for "greener" products.

However, a new study* by Mintel, the UK market research group, shows that environmental issues remain high on consumers' agendas in spite of the recession and unemployment. In poll data released last week, the number of those who said they are either unaware of or unconcerned about green issues was 8 percentage points below the figure in the previous survey in 1990.

The evidence also points to a continuing, if muted, rise in willingness to buy environmentally-friendly goods among shoppers already sensitive to green issues. Meanwhile, the number of "armchair" greens – who say they care about environmental issues but have not changed their spending habits – grew by 5 percentage points.

Rather than being concentrated among relatively young, wealthy and educated shoppers, environmentally-conscious consumption is now much more evenly spread in terms of income and age nationwide.

Moreover, the indications are that consumers will increasingly expect more information about a product's history and a company's business background before parting with their cash.

* *The Green Consumer, Vols I & II, Mintel. Tel: 071 600 5703. Price £1,395.*

Haig Simonian

TECHNOLOGY

Kieran Cooke looks at Singapore's ambitious efforts to curb its growing numbers of motorists

On the road to electronic pricing

Driving in many Asian cities is a nightmare. Car and motorbike sales in Bangkok are rising by 13 per cent a year compared with a 1 per cent annual increase in available road space. At times in the rainy season it can take office workers in the Thai capital six hours to get home. Schoolchildren regularly have to rise at 5am to be at school for an 8am start.

The situation in many other capital cities in the region is not much better. The government in Singapore is the only administration in the region with a comprehensive traffic control and mass transit system. But even highly regulated Singapore has problems.

Despite a tax and quota system which has made cars in Singapore among the world's most expensive – a car that would cost $11,000 (£6,700) in Britain costs nearly six times as much in the island republic – increasing affluence has encouraged more Singaporeans to be mobile.

Now Singapore is in the process of implementing an ambitious electronic road pricing system (Erp). The aim is to make more efficient use of the island's limited road network (Singapore is only 42km long and 23km wide) and streamline existing labour-intensive systems. The charges levied under the Erp will also hopefully deter motorists from excessive use of their cars.

Under the Erp system all vehicles using Singapore's roads will have an in-vehicle unit (IU) permanently fitted to the windscreen or handlebars. Each time the motorist uses the vehicle, a smartcard is inserted into the IU. The smartcard, also referred to as an electronic purse, is issued by local banks and can be used for other purposes, such as retail purchases. A display on the IU tells the motorist how much there is on the card.

On various roads in Singapore motorists will pass through two overhead gantries, set 15m apart. Antenna on the first gantry will use microwave transmission to read the IU. As the vehicle passes, the IU will deduct the amount from the smartcard, then inform antenna on the second gantry that a deduction has been made.

At the same time a photograph will be taken of the rear licence plate of the vehicle. If nothing is wrong, the photograph will be immediately overwritten. If the motorist has no IU, no smart card or insufficient funding on the card, the photograph and other details will be transmitted to a central control centre. Enforcement measures will then be taken.

Norway already has a form of Erp in Oslo. The system is also being tried out in the US.

"What will make our system different is that the Erp will be used on multi-lane roads," says Lew Yii Der of Singapore's

'Charge rates can be varied according to the prevailing congestion levels'

national development authority, the organisation which has been responsible for satisfying the Erp's highly complex technical requirements.

"Existing systems funnel vehicles into a single track," says Lew. "Inevitably congestion results. But in our system vehicles will carry on as normal on a three-lane highway and will not have to slow down. The aim is to replace our manual system with an electronic one – and not create any further congestion."

At the moment Singapore operates a restricted zone round its central business district, marked by gantries at 33 entrance points. Motorists who enter the area have to buy tickets costing S$3 (£1.30) per day for a private car. Police stationed at each entry point check that vehicles have their tickets displayed. Those who abuse the system face minimum fines of S$70.

The Erp will not only save on police labour. "An important feature of the Erp is that it is flexible," says Lew. "Charge rates can be varied according to the prevaling congestion levels. Entry and exit information can also be stored so as to more accurately gauge charges for things like car parking or expressway toll ways."

Initially the Erp will duplicate the existing manual system. However, it is likely the system will later be extended to cover a greater part of Singapore's road network.

Singapore's planners scoured the world for companies with technology to implement the many complex features of the Erp system. Three consortia, which include local companies and Japanese, Italian, British and Dutch groups, have been shortlisted. Singapore gave each consortia S$1m to test their respective systems. A final decision on who will build the Erp will be made by the middle of next year. The full system is due to be operational by early 1998.

The Singapore authorities admit that the Erp depends to a large extent on a law-abiding motoring public. If there was widespread abuse of the system, checking vehicles and fining thousands of errant motorists could turn into a full-time job for the police.

The Erp might be workable in a highly regulated, confined island state such as Singapore. Hong Kong is also examining the system. But in countries with a more widespread road network implementation of the system could be problematical. Some worries have also been expressed that the system will encourage the "Big Brother" syndrome, with the authorities able to track the movements of vehicles.

Lew says that the perceived disadvantages of the system are outweighed by its positive points. "Implementing the system is a considerable challenge. But we are committed. We are the guinea pigs. The rest of the world will be watching to see if we can make it work."

FPD's Eindhoven factory is the only production facility outside Japan that has launched mass commercial output of active LCDs

Europe's liquid assets

Philips is leading an assault on Japanese dominance of the active LCD market, writes Ronald van de Krol

A European joint venture is trying to squeeze in to the market for active liquid crystal display units, a market dominated by Japanese manufacturers.

The Flat Panel Display company, led by Philips of the Netherlands, believes its success could lie in a technology different from the one used by Japanese manufacturers making active LCDs. These can accommodate fast-moving pictures, unlike passive units used mainly for watches and calculators.

Three European manufacturers set up the joint venture last year, with Philips taking an 80 per cent stake and its French partners, Thomson and Sagem, holding 10 per cent each. Philips later reduced its holding to 70 per cent to make room for Merck, the German supplier of liquid crystals, which now also owns 10 per cent of the company.

The European industry believes that by seizing on an alternative technology it has an advantage that may outweigh the handicap of starting so far behind the Japanese. In the 1970s, European electronics companies dismissed LCDs as a fad that would not last beyond the heyday of the digital watch.

Active LCDs are used in computer monitors as well as navigation systems in cars and film screens that pop up from armrests in in-flight entertainment.

So far, the FPD's robot-equipped factory in Eindhoven is the only production facility outside Japan that has launched mass commercial output of active LCDs. The European manufacturers are keen to challenge not only Japanese dominance, but also to beat US companies to a share of an industry growing at an annual rate of 30 per cent.

"These are the same rates of growth seen in the early days of the integrated circuit," says Chris Stuve, FPD's chief executive, underlining the strategic importance for Europe of gaining a foothold.

Having begun commercial production earlier this year at a rate of 40,000 screens per day, the company is currently boosting output to 75,000 per day. By the turn of the century, the company aims to have captured 8 per cent of the fast-expanding world market for active LCDs.

It has only a tiny market share now, with Japanese producers accounting for more than 90 per cent of sales. Between now and 1998, the total market is expected to surge nearly three-fold to Fl 14bn ($7.9bn) a year from Fl 5bn in 1994.

Entering the market is not cheap. FPD's partners have spent a combined Fl 500m on capital investment alone in the Eindhoven plant.

Besides the European initiative, the Japanese are facing plans for commercial production from South Korean manufacturers, while the Clinton administration has targeted active LCDs as a strategic growth area for US companies.

To lay claim to a portion of the market the Europeans will have to prove that their screens – and their technology – are at least as good as those produced in Japan.

The difference in the European and Japanese approach to LCDs lies in the way electrical current is moved around the screens.

Japanese manufacturers use thin-film transistors in their screens, a logical consequence of the development route they have taken since LCDs first emerged 20 years ago.

Philips and its European partners have opted for what they say is a simpler thin-film diode as the main switching device in their LCDs. Unlike transistors, which require three electrical connections, the diode uses two.

The Europeans say these smaller switches make their screens brighter because they block out less light. More important, the company says the simpler switching system means the screens can be made in fewer manufacturing steps, enabling Europe to produce at a lower cost than Japanese market leaders, such as Sharp and NEC.

Indeed, the European joint venture says its screens can be made in just three or four "maskings" compared with seven or eight for the Japanese technology. Maskings are the cycle of substrate-depositing, photo-lithography and etching needed to convert the glass screen into an active LCD.

The Philips-led venture is not the first to explore using diodes rather than transistors. But it is the only one so far to have harnessed the technology commercially. This is because it has overcome one of the problems associated with diodes: they tend to produce screens with variations of light across the display. By adding an extra pulse of voltage in a new, patented process, Philips says, it has produced a uniform display.

Philips does not intend to license other producers to use the technology. Instead, the technology will be used as a bargaining chip in the European joint venture's quest to build a second factory. The new plant, expected to cost around Fl 500m, is likely to be built somewhere in Asia, putting the Europeans in their Japanese competitors' back yard.

Stuve says the company is looking for joint-venture partners for the new factory, with the transfer of technology as one of the attractions of striking a deal. The decision on whether to go ahead with an Asian factory is expected in the next 18 months. Asia is attractive because that is where greatest number of active LCDs are sold.

While Philips and its partners intend to challenge this Asian pre-eminence, they have already stopped trying to rival Japanese dominance in the field for very small LCDs used in camcorders at the consumer end of the market.

They have also had to accept another fact of life that again highlights Japanese dominance in the market: the specialised, high-quality glass they use in their screens must still be imported from Japan because it is not yet made by any of Europe's glass manufacturers.

PEOPLE

P&O: Harris climbs another rung

Tim Harris, 47, has been marked out as the coming man at Peninsular and Oriental Steam Navigation Company, Britain's biggest transportation conglomerate. Harris, who has responsibility for businesses producing more than a third of the group's profits, has been promoted to assistant managing director.

Harris, in common with several of P&O's top executives, comes from Sterling Guarantee Trust, the property and services company founded by Lord Sterling, P&O's chairman. P&O merged with SGT in 1985 after Lord Sterling, who had taken over the chairmanship of P&O in 1983, saved the 155-year-old shipping company from an unwelcome takeover bid by Trafalgar House. Sir Bruce MacPhail, SGT's managing director and Lord Sterling's most trusted lieutenant, took over as P&O's managing director in 1985.

P&O played down speculation yesterday that Harris was being lined up to take over from MacPhail. Lord Sterling, who turns 60 later this month, and MacPhail, 55, show no intention of retiring and P&O does not have a mandatory retirement age for executive directors. Sir Frank Lampl, chairman of P&O's Bovis construction business, for example, is 68. However, given Harris' relative youth his promotion suggests that he would be the front-runner to take over if MacPhail were to step down.

Harris has been responsible for transforming the fortunes of P&O's cruise ship operation. He was sent to Los Angeles in 1986 to take control of that business and oversaw the 1988 takeover of Sitmar Cruises. He has trebled the size of P&O's Princess Cruises and P&O now earns over a fifth of its profits from cruising.

In addition to overseeing P&O's fast-growing cruise ship operation – another three vessels are on order including the world's biggest cruise ship – Harris is also in charge of P&O Containers, P&O European Transport Services and P&O Bulk Shipping. He retains responsibility for these areas. *William Hall*

Brian Wallace slips away from Geest

Ladbroke, the gaming, hotels, retail and property group, has appointed Brian Wallace as group finance director. He is currently group finance director of Geest, the fresh produce and prepared foods company, and will take up his new post by April 1.

The appointment ends months of uncertainty over the replacement for Jerry O'Mahony, who died in June. Until Wallace arrives, the position will continue to be occupied by David Wilson, who was seconded from Ernst & Young in February to cover for O'Mahony and appointed acting finance director in August. Wilson is then expected to be appointed to another senior mangement position.

Wallace, 40, a St Andrews economics graduate, was appointed to his current position in 1990. He had previously worked for Schlumberger, and as group financial controller at APV, the producer of food processing equipment, after qualifying as a chartered accountant with Price Waterhouse.

This appointment adds to the list of changes at Ladbroke after Cyril Stein retired as chairman last January. The group has since moved back into casinos after a 15-year absence. *Geoff Dyer*

■ John Fry, who probably knows more about the Abbey National building society than anyone, has been appointed an executive vice chairman. Fry, who joined the Abbey National in 1961, became a general manager in 1979 and joined the board in 1984 several years before the mutually-owned building society turned itself into a bank and floated its shares on the stock market. He is currently managing director, insurance, and will retain responsibility for Abbey National's life and general insurance business.

■ Steve Jeffs has been appointed managing director of Jungheinrich (GB), the UK subsidiary of the German lift-truck producer which earlier this year acquired Bedfordshire-based Lancer Boss. Jeffs, 43, has been sales director for the past four years, and replaces Klaus Schenk, who is to join the Hamburg-based group's executive board. Lancer Boss, now called Boss Group, is being run separately from Jungheinrich (GB).

■ The run-up to Christmas is always a nervous time in the City because that's when many firms make their cuts. This year one of the victims is Laing & Cruikshank which made an indelible mark on the mining market. Back in 1987 "Lang & Bang" was taken over by Credit Lyonnais, the state-owned French bank, but retained its separate identity and international mining team. Now five out of the seven team members – including Mike Kurtanjek, the department head – have been made redundant and the activities absorbed into other areas within CL.

Tim Hoare, who helped build up Laing & Cruikshank but who left CL 18 months ago to set up his own, eponymous, broking business, still concentrating on mining, said: "This is very sad, the end of an era. Laing & Cruikshank was part of the mining world for 25 years and had a good franchise. I was proud to be part of that and I'm very sorry for the guys that are being made redundant." *Kenneth Gooding*

■ A change of voice at the top of the Confederation of British Industry, Britain's main employer organisation. John Dunkley, 65, director of public affairs, and his deputy Philip Ditton, 67, are retiring after 18 years handling the CBI's relations with the press.

Dunkley, a former industrial correspondent of The Guardian, is being replaced by Stephen Horn, 34, a producer on BBC TV's *Money Programme*. Horn, who will have the title of director of media relations, is not the first TV journalist to do the CBI job. Richard Dixon, a former industrial correspondent of ITN, held the job in the 1970s.

■ John Weight has been appointed md distribution of SEEBOARD on the retirement of Len Jones; he is succeeded as md business group by Tony Smith.

■ David Sheppard, formerly programmes director of the civil systems division, has been appointed md of Kelvin Hughes, also part of SMITHS INDUSTRIES Aerospace, on the promotion of Martin Jones.

Non-executive directors

Merchant banker Roger Luscombe, 45, has been appointed a non-executive director of City of London Public Relations Group. Luscombe, who has worked at Schroders, Morgan Stanley and Swiss Bank Corporation, has been brought on to the board to assist in the next stage of the group's corporate development.

Floated in 1988, City of London PR has a market capitalisation of £7m and earns around half its profits from its £4.5m of cash and other liquid assets. Luscombe, who quit Swiss Bank Corporation a few months ago, expects to join another investment bank in the new year.

■ Sir Ian Rankin at BS GROUP, having ceased to be chairman.

■ Stephen O'Connor, chief executive of Waterford Foods, as chairman of HEITON HOLDINGS.

■ Sir Stephen Waley-Cohen, a founder director of Euromoney Publications and current md of the Victoria Palace Theatre and Mousetrap Productions, at PORTSMOUTH & SUNDERLAND NEWSPAPERS.

■ Colin Whalley has resigned from HEWITT GROUP.

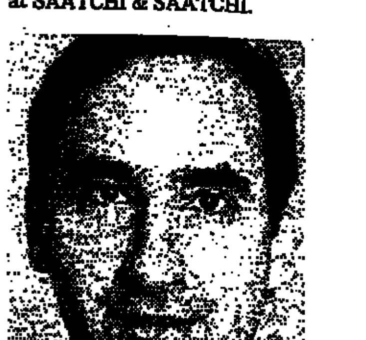
■ Tony Benson, a member of the BTTG board, at its subsidiary Shirley Dyeing and Finishing.

■ Peter Grant has resigned from SCOTTISH HYDRO-ELECTRIC.

■ Carl Openshaw, finance and development director of Holmwoods Group and former director of The Guthrie Corporation, at LEEDS GROUP.

■ Marthinus Prinsloo at VEKTRA CORPORATION; Robert Crockett has resigned.

■ Ali Wambold (below), an md of Lazard Brothers in London, at SAATCHI & SAATCHI.



هكذا من الأصل

ARTS

Cinema/Nigel Andrews

Chekhov from the grass roots

Wallace Shawn as Vanya in Louis Malle's masterful film

Just what I always wanted! people cry – or are imagined to – when they open their presents. But can we ever know what we want until we have it? Does not a truly joyous surprise consist of something that we *would* have wanted, if only we had known before we got it that it existed.

Deep questions. So here is a deep answer and your Christmas present for 1994: Louis Malle's *Vanya On 42nd Street*. We never thought we wanted Chekhov like this: six or seven sub-famous actors dressed in their day clothes and shuffling around a rehearsal space in a peeling, derelict New York theatre under the gently deranged eye of avant-garde director André Gregory (playing himself), as he watches the run-through with a bunch of friends.

Yet this workshop production ran, on and off, for four years. Only New York, with such a miracle in its midst, could have been so philistine as not to fund a full-dress commercial staging. But then that might have dissipated the magic. Witnessed by Louis Malle's casual, handheld camera, the approach of André Gregory – he was the title gourmet, you recall, in Malle's *My Dinner With André* – is to let Chekhov grow right up from the floorboards.

After a gathering-of-the-company prelude, we watch actor Wallace Shawn (*My Dinner*'s co-gourmet) stretch out and go to sleep in the baroquely gutted auditorium. Near him a conversation strikes up between two people: they seem to be an old nanny and a medium-young doctor. Shawn wakes up. He is Vanya. The doctor is Astrov (Larry Pyne); nanny is Nanny (Phoebe Brand); and the rest of the cast soon flower forth, with no change of costume or mimetic emphasis, from this dishevelled landfill of haphazard props, half-bits of scenery (a cloth tree, a hint of sky) and yards of unstuck auditorium stucco.

Starting from the unexpected, Gregory and Malle progress to the messianically perverse. As the play unfolds in David Mamet's pithy, pitch-perfect translation, we realise that every moment is being reinvented. The prime tactic is to play against the surface message of the dialogue. "Are you happy?" Sonya the ugly duckling stepdaughter (Brooke Smith) asks the beautiful Yelena. "No," says Yelena, and her face splits wide with silent, sharing laughter.

This is the hilarity of an excessive familiarity with despair: it infects everyone in this household. Shawn's Vanya is a jester with the face of a capuchin monkey and the mood swings of an emotional chimpanzee. From vine to vine he leaps: purple with anger when we least expect, antic with self-mockery when the lines seem to plead for high grief. Watch him explode at that selfish sage Serebryakov (George Gaines), Yelena's grizzled bridegroom. Then watch Vanya ridicule his own ruined passion on catching Astrov clinch-deep in Yelena's arms.

That languorous beauty – in many stagings a piece of interior decor with no interior – is played with dazzling intelligence by Julianne Moore (of Altman's *Short Cuts*). She starts with the scarified look of a beauty whose face has been stretched over an inner rack of misery. Then she adds insight to injury. This Yelena is no self-absorbed society odalisque: but a woman whose wit and awareness sculpt our *own* awareness of why life in this house is hell on earth. (Mainly because it could have been, and so nearly was, heaven on earth).

The production is mesmeric in small scenes, apocalyptic in large. In Chekhov's plays, human beings are woven into a tapestry of intimacy designed to thwart, madden and disappoint. In Gregory's vision, this grief is made keener by constant hilarity. We realise why Chekhov called his plays "comedies". The big scene of the family conference – Serebryakov blithely preparing to sign away the estate, Vanya tearing his own head in two at the impudence of it – comes over like *King Lear* crossed with *Fawlty Towers*. Absurd, momentous, giddy, agonising, all-encompassing.

Louis Malle films this sequence, like the whole production, the only way he could. Without vainglory, without self-imposings; instead with a subtle devotion to eight actors turning a modest, ill-equipped space into an entire world of human emotion and experience, vitalised by a stage director's creative contrariness. Utterly magical, utterly memorable.

VANYA ON 42ND STREET (U)
Louis Malle

THE SPECIALIST (15)
Luis Llosa

D2: THE MIGHTY DUCKS (U)
Sam Weisman

Elsewhere, Britain's Christmas lives down to its usual standard. *The Specialist* is two hours of Miami-set mayhem staring Sylvester Stallone. Directed by Luis Llosa, a Latin American ex-critic on secondment to Lotusland, the movie makes a simple plot seem like a Jorge Luis Borges story. Not through sophisticated overlays of metaphor or metaphysics but through sheer narrative incompetence.

Just who is chasing whom? Explosives expert Stallone is enmeshed with mysterious beauty Sharon Stone who is somehow entangled with Sly's now alienated ex-crony James Woods. Meanwhile all three make life difficult for Cuban mafioso Rod Steiger. Surely unfair, this: is not Steiger's life difficult enough already? He is struggling with a Spanish accent that he seems to have won somewhere as a booby prize.

"Joo go out and joo find diss explosives ekthpert!" he hisses, or hithes, at a henchman. Later his last words over a fatal exploding locket are a choked but deafening "Joo bastardo!!" Ah, the waterfronts and pawnbrokers of long ago. The film itself seems so foolproof on paper. Leading muscleman actor meets leading sexbomb actress with top character actors in support. But Stallone and Stone make music only with their surnames. He is a drawl, a dazed look and 200 pounds of oil-glazed muscle. She is Miss Basic Acting Talent 1990s. Watching them try to strike amorous sparks in an all-nude love scene under the shower – clearly meant to be the erotic set-piece of the season – is like watching two porpoises try to get it on in a rainstorm.

The only "specialist" worthy of his name is Woods. He snaps, snarls, twitches: but all with such controlled wit that he seems to know the movie is a joke even while he plays it, honourably, for real.

The Specialist does not open until Boxing Day. So where to send your children when they misbehave over Christmas? You have long given up sending them to their bedrooms: the places are kitted out with enough computer technology to amuse them till the year 2000.

Why not send them instead to *D2: The Mighty Ducks*? Here they will find ordeal by ice hockey and torture by triumphalist schmaltz. For the second time around Emilio Estevez leads his little-league skaters to all-American victory. Crying, cheering, exulting: those are just some of the emotions you will experience on being allowed to leave the cinema.

Sometimes it is better to read about films than to see them: for instance when you have David Thomson's Biographical *Dictionary Of Film*. The *BDF* is now out in a new updated edition and is the best of all personal-view reference books. To read Thomson's adventurist hymns to such unlikely pantheon-sharers as Bela Lugosi and Robert Bresson, Luis Bunuel and Victor Mature – or to read Thomson's no less witty demolition jobs on Madonna or Alec Baldwin – is to know that cinematic taste is not a simple matter; nor, written about like this, is it a dull one. Your perfect Christmas gift for your film-buff friend.

Pantomime/Sarah Hemming

Babes in the Wood/Peter Pan

Pantomime has returned to Sadler's Wells with a vengeance. Roy Hudd's *Babes In The Wood* – written by Roy Hudd, directed by Roy Hudd, starring Roy Hudd – is pure, unreconstructed family pantomime in all its tacky glory.

Unperturbed by the recent new wave of children-orientated Christmas shows – which have done away with dames, principle boys, blue jokes and TV stars in favour of proper storylines and fuller characters – this show is as flimsy and ridiculous as the glittery costumes and scenery. Yet it manages to avoid the true excesses of the totally commercial show (there are no sports personalities or weather girls in sight) and it demonstrates how the full blown panto is next of kin to the variety show, demanding performers who can do the business: tap dancing, add libbing, the lot.

The story is the traditional Babes In The Wood/Robin Hood conflation. The plot is scarcely important here: this is old fashioned panto where plot is just an excuse for a series of gags, routines and set pieces – effect is everything. And most ingredients you could wish for are in here – a messy kitchen scene, plenty of slapstick, a few double entendres, a totally unfounded dance scene (what were all those czardas dancers doing in Sherwood Forest anyway?) and more corpsing than the average morgue...

Keith Barron, as the Sheriff of Nottingham, makes a commanding and thoroughly enjoyable baddy (so he plans to double taxes, eh? Oh outrageous. It will be VAT on fuel next); Julie Mullins is suitably sickly as Maid Marion and Lisa Hull is glamorously preposterous as Robin Hood. Jack Tripp, amusing as Nurse Ribena, is advertised on the programme as "Britain's Greatest Dame". I beg to differ – once you have seen Stanley Baxter do the striptease, no one else comes near.

But the stars of the show are, of course, the dopey duo of henchmen hired to kill the babes in the wood, Geoffrey Hughes and Roy Hudd. Hudd, in a series of virulent smocks and stockings, his face beaming with that gap toothed smile like a crazy turnip lantern, is a force to be reckoned with. He holds the stage whenever he is on it, and his comic timing and easy, genial relationship with the audience makes him irresistible and galvanises the show.

The script proceeds on the understanding that the old ones are the best, which is true half of the time, but there is an occasional whiff of mothballs, and political jokes are pretty limp, while some of the corpsing is perhaps more fun for those on the stage than those off it. The show outstays its welcome, particularly for the children; it is broadly enjoyable, rather than downright hilarious.

Piers Chater-Robinson's version of J.M. Barrie's classic at the Cambridge Theatre, WC2 is sub-titled *Peter Pan "The British Musical"*. Perhaps we could retitle it "A British Musical" in the hope that someone else will fly in to repair the damage; it would be depressing to think that this saccharine, superficial piece was the last word in musical adaptations.

Now revived by Chater-Robinson with two new songs at the Cambridge Theatre, this version (the programme tells us) was first published in 1985, is now in its second edition and has enjoyed many revivals – so it is clearly as buoyant, popular and indestructible as Peter himself. Though quite why is beyond me; right from the pounding overture, with the lights whirling in a demented fashion around the auditorium, it goes all out for a young audience offering them large chunks of cuteness, cod rock and roll, and feeble characterisation.

All right, there are some redeeming features. It tells the story clearly (a plus for the young children) and it looks pretty, with a charming Darling household and a backdrop of twinkly stars. It picks up in the scenes with the pirates, when the songs are quite funny and Ron Moody, as Captain Hook, adds a touch of spice. With his lugubrious features and bedraggled wig, looking like Charles II after a bad night on the tiles, he plays the audience well, ad libs admirably and steps out of character just enough to lift the show. At one point, he creeps right to the front of the stage, to a sea of hissing and booing, and remarks, deadpan, "How still is the night".

But every time the show gets going, back comes the music to drown it all in a ghastly, gooey sauce. It goes for cuteness at every turn. Nicola Stapleton is perky as Peter, but under-used – there is no real sense of Pan's cheekiness, subversiveness or charisma in the character as he is drawn here. Debbie Wall gives a gutsy performance as Wendy but is foiled by winsome lyrics and feeble dialogue. Worst of all, as Tinkerbell's light flickers after drinking poison and Peter turns to the audience, who are all poised on the edge of their seats with the words "We believe in fairies" ready on their lips, some sickening, piped chorus of children starts warbling "You've Gotta Believe" over the loudspeakers. If I were Tinkerbell, it would have finished me off. It certainly confounded the audience.

Alastair Muir

Pure, unreconstructed family pantomime in all its tacky glory: Roy Hudd, the irresistible star in Babes in the Wood

Choral traditions

Martin Hoyle welcomes the Danes and bemoans the financial state of some superb British choirs

Consider this paradox. In some repertoire British choirs are second to none. Yet some of our most acclaimed choral groups are scarcely heard in Britain. They simply cannot afford to sing here.

The Monteverdi Choir, for example, limits itself to three or four London appearances a year. The Sixteen gives 75 to 80 per cent of its concerts outside the UK. Both are capable of superlative work by international standards, denied to the British public. John Bickley of Magenta Music describes the situation as scandalous.

The run-up to Christmas provides an ironic contrast in national attitudes to funding. As part of the Great Choirs of Europe series, the Danish Radio Choir brings London a fascinating programme of modern Scandinavian music. In its present form dating from 1937, the choir is subsidised by Danmarks Radio to the tune of DKr9m (£100,000), increased by £250,000 when enlarged for symphonic-scale works. Despite economic turbulence and threatened cuts that sound all too familiar to British music-lovers, the choir should be safe for the next ten to eleven years.

Besides Copenhagen's imminent metamorphosis into Europe's City of Culture, the choir already has projects for the year 2005 – unthinkable in British musical planning. The Danish choir's position seems the reverse of, say, the highly praised Sixteen. Like most British choirs, the BBC excepted, The Sixteen has no regular funding. It has to raise money project by project, from foreign promoters or foundations. John Bickley looks enviously at the Danish and Dutch choirs that have been working with The Sixteen in the Great Choirs of Europe series, both state-funded, both providing permanent employment.

The Sixteen performs its now established *Messiah* the day after the Danes display their Nordic treasures. The irony is that the appetite for choral music is thriving. The choral repertoire extends from the currently popular meditative medievalism to the exciting sounds of the Estonian Veljo Tormis in the Danes' programme ("We're very liberal in our view of Scandinavia," says Ivar Munk, the Danes' manager), or Sven-David Sandstrom's thrilling setting of Blake's *Tyger*.

But then, as John Bickley observes, "an orchestra covers 150 years of music, a choir like The Sixteen covers a thousand. With a wider repertory and lower overheads, a small amount of money can go much further."

The Danish Radio Choir sings at St John's Smith Square on tonight; The Sixteen gives *The Messiah* there tomorrow.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERTS
Het Concertgebouw Tel: (020) 671 8345
● Philippe Herreweghe: with the Freiberger Barockorchestra and the Collegium Vocale Gent conducts Bach at 8.15 pm; Dec 22
● Royal Concertgebouw Orchestra: with violinist Sahra Chang. Charles Dutoit conducts Berlioz, Lalo, Stravinsky and Ravel at 8.15 pm; Jan 4, 5

■ BERLIN

CONCERTS
Philharmonie Tel: (030) 2548 8132
● Berlin Philharmonic Orchestra: with conductor Claudio Abbado and soloists Sylvia McNair, Ulla Gustafsson plays Schumann at 8 pm; Dec 30, 31 (5.15 pm)
OPERA/BALLET
Deutsche Oper Tel:(030) 3 41 92 49
● Siegfried: by Wagner. Conductor Horst Stein, prodection by Götz Friedrich at 5.30 pm; Dec 27
Staatsoper Unter den Linden Tel: (030) 2 00 4762
● Die Zauberflöte: by Mozart. Conductor Daniel Berenboim, production by August Everding at 7 pm; Dec 23, 25, 28; Jan 1, 4
● The Sleeping Beauty: by Tchaikovsky. Conducted by Stolze, choreographed by Nureyev at 7 pm; Dec 26, 27

■ FRANKFURT

GALLERIES
Schirn Kunsthalle Tel: (069) 29 98 82 11
● Asger Jorn - Retrospective: 167 works by the Danish painter. The fifth chapter in a series of presentations of postwar European artists.; to Feb 12

■ LONDON

CONCERTS
Barbican Tel: (071) 638 8891
● LSO New Year Viennese Concerts: conducted by John Georgiadis, the music of Strauss in this traditional celebration of the New Year at 7.30 pm; Dec 31; Jan 1, 2
● Royal Philharmonic Orchestra: Christmas concert with conductor Owain Arwel Hughes at 7.30 pm; Dec 26
Festival Hall Tel: (071) 928 8800
● Johann Strauss Gala: the Johann Strauss Orchestra with director John Bradbury, soprano Marilyn Hill-Smith and the Johan Strauss Dancers plays a programme of music by Strauss. First performance at 3.15 pm, then at 7.30 pm; Jan 1
OPERA/BALLET
Festival Hall Tel: (071) 928 8800
● The Nutcracker: by Tchaikovsky. English National Ballet and its Orchestra choreographed by Ben Stevenson at 7.30 pm; to Jan 2 (Not Sun)
Royal Opera House Tel: (071) 340 4000
● Cinderella: music by Prokofiev. Created by Fredrick Ashton in 1948, this was the first full-length ballet by an English choreographer at 7.30 pm; Dec 23 (2 pm), 26 (2 pm), 27, 30, 31; Jan 3
● Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell at 7.30 pm; Jan 5
● The Sleeping Beauty: a new production of Tchaikovsky's ballet. Produced by Anthony Dowell, set designed by Maria Bjomson at 7.30 pm; Dec 22, 28; Jan 4 (2 pm)
THEATRE
Barbican Tel: (071) 638 8891
● New England: World premiere of Richard Nelson's new play. No performance 12-15th Dec., otherwise at 7.15 pm; to Dec 29 (Not Sun)
National, Lyttelton Tel: (071) 928 2252
● Out of a House Walked a Man: by Daniil Kharms. A Royal National Theatre and Theatre de Complicite co-production of a collection of musical scenes by the Russian absurdist writer at 7.30 pm; Dec 23, 26, 27
● The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Dec 28, 29 (2.15 pm), 30, 31 (2.15 pm); Jan 2
Queen Elizabeth Hall Tel: (071) 928 8800
● Cinderella: by Rossini. The Music Theatre London present this new translation by conductor and musical arranger Tony Britten, and director Nicholas Broadhurst at 7.15 pm; from Dec 27 to Jan 3 (Not Sun)
● Rossini's Cinderella: new translation by conductor Tony Britten and director Nicolas Broadhurst at 7.15 pm; Jan 2 (2.15 pm), 3
Royal Court Tel: (071) 730 1745/2554
● The Libertine: by Stephen Jeffreys, directed by Max Stafford-Clark. Comedy based on the works of the 2nd Earl of Rochester at 7.30 pm; to Feb 4

■ NEW YORK

GALLERIES
Metropolitan
● Ann Hamilton: exhibition reveals the artist's interest in the relationship between sight and touch; to Jan 3
OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Die Fledermaus: by J. Strauss. Sung in German with English dialogue at 8 pm; Dec 22, 29, 31; Jan 5
● Don Giovanni: by Mozart, sung in Italian at 8 pm; Dec 24 (1.30 pm)
● L' Elisir d' Amore: by Donizetti. Produced by John Copely, conducted by Edoardo Müller at 8 pm; Jan 2, 6
● Madama Butterfly: by Puccini at 8 pm; Dec 27, 30; Jan 4
● Peter Grimes: by Britten. English at 8 pm; Dec 23, 28, 31; Jan 3
New York State Theater Tel: (212) 870 5570
● The Nutcracker: by Tchaikovsky, performed by the NY City Ballet. Tue-Thu 6pm. Fri 8 pm. Ring for other times and matinees; to Dec 31 (Not Mon)
THEATRE
Manhattan Theatre Club Tel: (212) 581 1212
● Love! Valour! Compassion!: latest play by Terence McNally (of Kiss of the Spiderwoman fame), directed by Joe Mantello. Sun. performance at 7pm otherwise at 8 pm; to Jan 1 (Not Mon)
New York State Theater Tel: (212) 870 5570
● Slavs!: Thinking About the Long Standing Problems of Virtue and Happiness. Tony Kushner's latest work directed by Lisa Peterson at 8 pm; (Not Mon)
Richard Rodgers Theatre Tel: (212) 307 4100
● A Christmas Carol: engaging one man show of the classic with Patrick Stewart at 8 pm; to Jan 8
Vineyard Theatre Tel: (212) 353 3874
● American Dreaming: by Chiori Miyagawa, directed by Michael Mayer. The story of a Japanese-American mixed marriage with an eclectic mixture of classical and contemporary music from East and West at 8 pm; to Aug 1 (Not Sun)

■ PARIS

GALLERIES
Grand Palais Tel: (1) 44 13 17 17
● Poussin: 400th anniversary retrospective; to Jan 2
OPERA/BALLET
Châtelet Tel: (1) 40 28 28 40
● Christina Hoyos: Flamenco choreographed by Hoyos, Marin and Galia, music by Paco Arrigas at 8.30 pm; from Dec 22 to Jan 7
Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24
● Nutcracker: Tchaikovsky's ballet performed by the Kirov ballet company, St. Petersberg at 8.30 pm; Dec 22, 23, 25, 26, 27, 28, 29, 30, 31
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Swan Lake: by Tchaikovsky. Choreographed and produced by Rudolf Nureyev. Conducted by Vello Pähn/Ermanno Florio at 7.30 pm; to Dec 31 (Not Sun)

■ ROME

OPERA/BALLET
Teatro Dell' Opera Tel: (06) 481601
● Cronache Italiane: ballet in two parts based on work by Stendhal at 7 pm; Dec 22, 23

■ WASHINGTON

CONCERTS
Kennedy Centre Tel: (202) 467 4600
● New Year's Eve at the Kennedy Center: Members of the National Symphony Orchestra perform popular tunes and waltzes at 9 pm; Dec 31
GALLERIES
National Gallery Tel: (202) 737 4215
● Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the cathedrals of Florence, Pavia and St. Peter's; to Mar 19
OPERA/BALLET
Washington Opera Tel: (202) 416 7800
● The Bartered Bride: by Smetana. Conducted by Heinz Fricke. In English at 7 pm; Dec 31; Jan 2
THEATRE
Olney Tel: (703) 924 3400
● Cinderella: Rogers and Hammerstein musical version of the classic fairytale, directed by Mark Waldrop at 7.30 pm; to Dec 31

WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)
MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY
NBC/Super Channel: FT Reports 1230.

TUESDAY
Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

World in a box

Tony Walker on the explosive growth in television viewing in China


The power of communications

It is a winter's night in Beijing and light snow is sprinkling the window ledges of a worker's dormitory near the city centre, but for the Ma family this is perfect television viewing weather.

For Mr Ma, a worker in an car factory, his retired wife and 24-year-old son, bliss these days is viewing the three colour TV sets in their modest two-bedroom apartment – fed by a satellite dish on the balcony and fibre-optic cable.

The Mas, who bought their first TV, a locally-made black and white set, in 1979, never expected the world outside China to be opened to them as it has been by satellite and cable television. Mr Ma is still shaking his head in wonderment at the spectacle of bungee jumping which he saw for the first time a few nights previously.

"Never in my wildest dreams did I expect that we would have three TV sets and access to such a wide choice of programmes," says Mrs Ma, who admits a preference for sentimental Hong Kong soap operas.

Mr Ma, on the other hand, favours Beijing opera whose peculiar cadences are not to everybody's taste – which is why, his wife jokes, the family requires more than one television set.

Ma junior is a soccer aficionado and can indulge his preference on the 24-hour-a-day sport channel broadcast by Mr Rupert Murdoch's Hong-Kong based Star TV via Asia-Sat 1.

China's communications revolution is in full swing, although official resistance to the spread of satellite dishes and stricter controls on cable programming mean dissemination of services remains a murky business.

In October last year, the state council, or China's cabinet, issued Proclamation 129, which repeated the government's ban on receiving direct foreign broadcasts and imposed severe restrictions on ownership of satellite dishes.

The Chinese authorities, made nervous by a flood of uncontrolled information, targeted foreign news broadcasts in particular, including the BBC's, which often carry items critical of Beijing on issues such as human rights.

At her home in Beijing's western suburbs, Mrs Zhong, a university teacher, flips through the dozen or so cable channels showing their mixture of cartoons, local news and soap operas before stopping at a static-filled screen. "That's where the BBC used to be," she says ruefully.

The Zhong family used to receive the BBC, and also CNN, via a large communal satellite dish in their residential compound but, after the state council ban, the service ceased. The Zhongs must now rely solely on cable programming from the government-owned Beijing Cable TV Station.

For them, much of the cable programming seems rather mindless, with a heavy diet of

'I did not dream we'd have three TV sets and such a wide choice of programmes'

Hong Kong and Taiwanese soap operas and *kung fu* movies. "The government learned a lesson after 1989 [the Tiananmen square pro-democracy agitation] and now seems intent on numbing people's political awareness," says Mrs Zhong.

Cable services are spreading rapidly and are available to more than 10 per cent of households with television sets. Some 600 cable systems have been licensed in China, many operated by large institutions for their employees, to relay government-approved programmes that avoid the salacious and politically-incorrect.

But for lucky families like the Mas, who had installed their satellite dish or *wok* (the dishes are likened to the Chinese cooking vessel) before the state council ban, the choice is much wider via Asia-Sat 1. Available services include five Star-TV channels, plus regional services from as far away as Yunnan in southern China. "People envy us," says Mrs Ma. "We can receive more than a dozen channels on satellite, and that is on top of the channels available on cable. Before we bought a satellite dish, we thought of renovating the house, but we bought a dish instead."

The Mas paid Yn3,000 ($350) for their dish "through a relative". Prices range between Yn3,000 and Yn10,000. A cable service costs households Yn8 per month, or less than $1

Mr Li Hong, manager of the marketing department of Beijing Cable TV Station, says that in Beijing there are 700,000 subscribers (about one in five households) and he expects Beijing subscribers to number 1m next year.

Despite the ban on satellite dishes, production continues at a number of factories in the capital, including Factory No 701, a former defence industries plant now owned by Beijing municipality.

A sales manager said that, while production had been harmed by the ban, the factory was still in business, selling *woks* to people in remote areas to improve their access to government-run TV. City people and work units were also finding ways round the ban so there was a steady demand for dishes.

Business in the longer run holds enormous promise for foreign and domestic companies involved in delivering programmes and technical services to China's hundreds of millions of television viewers, but a nervous government seems set to keep the brakes on for the time being.

This has not prevented the continued spread of television, which has found its way into the vast majority of Chinese households. According to a recent survey by the People's Daily newspaper, 96 per cent of all urban households owned either a colour or black-and-white set, while the figure for rural areas was 48.5 per cent.

China is the world's biggest producer of black-and-white TVs and the third biggest producer of colour sets behind South Korea and the US.

With multi-set families like the Mas setting a trend, it would seem that domestic demand for colour sets will continue to rise. Mrs Ma herself could hardly be a better advertisement for the new television age. "Television has changed our lives," she says. "It was boring before when we did not have TV, but life has now become more colourful."

ECONOMIC VIEWPOINT

The follies of the macho manager

By Samuel Brittan

I have not been able to find the Biblical adage which says that your "yea" should be a "yea" and your "nay" a "nay". In any case it apparently forms little part in the training of the English businessman.

This omission is the focus of the first article in the January 1995 issue, now available, of Business Ethics.* The author, Malene Djursaa, has carried out 55 interviews (in depth of course) in recent research on cultural factors in Anglo-Danish business relations.

She places the findings in the framework of low-context and high-context cultures. In low-context cultures, information is explicit and "vested in words of precise and unambiguous meanings". Low-context people predominate in the US, Germany, Switzerland and Scandinavia. What such cultures lack in subtlety, they gain in precision. A low-context person is quick to the point and even "over-inform".

By contrast, high-context cultures rely on implicit communications "vested in shared experience and assumptions and conveyed through verbal and non-verbal codes". Well-known high-context cultures are the Japanese and the Arabian. Professor Djursaa's point is that English business practices are nearer the Japanese and Arabic models than generally supposed.

For instance, a Danish paint manufacturing company wanted a large English firm to represent it in Britain. Having received encouraging signals on a first visit, the Danish managers came over a second time and were surprised by the complete lack of interest. Yet they were still not turned down. The British "no" was finally received in a telex of three lines after a total of three visits and much wasted advance planning from the Danish end. Why didn't the English say "no" at the start?

* * *

This is all great fun and contains a moral. But I doubt, however, if it should be dignified by the title of business ethics. Indeed I doubt the existence of business ethics as a subject. If I ever write another book after the one due to come out early in the new year, it will not be on business ethics, but on modern managerialism.

The central slogans of modern managerialism consist of words such as "down-sizing" and other terms which mean closures and sackings. These are occasionally necessary, as economic progress can take the form of substituting new jobs for old. But the knee-jerk new-style managers regard cutting staff as a sign of virility and do not have the imagination to ask whether it might pay them to take on more workers at modest rates of pay. Hence the idiotic snubs with which some business organisations treated the employment incentives in last month's UK Budget.

Much of this modern managerialism is based on the simple fallacy that labour is the scarce factor of production. Yet the signs are all around us that labour is now plentiful in the English-speaking countries and much cheaper in real terms than it used to be. If you add the non-employed to the registered unemployed, you get a very large reserve army indeed – many of whom would be admirably suited to the tasks given over to computers. The macho-managers who want to save labour, above all, are responding to a historical situation of overpriced labour which no longer exists or is fast disappearing – despite the efforts of the European Commission and the UK law lords to bring it back.

A proper study will have to separate the wheat from the chaff in modern management. It will have to explain how well-intentioned reforms of health and education have led to professionals spending half their waking hours writing reports to uncomprehending accountants. Let me content myself with a few trivial but tell-tale manifestations.

The most superficial manifestation is the flip-chart, which is basically only a modern version of the school blackboard, but on which slogans and platitudes of the most astounding banality are written. Organisations that like flip-charts normally invite one to give "presentations" rather than talks or lectures.

A proper study will have to cover some of the follies appearing in the early stages of rail privatisation. A small but revealing example is the disappearance of the useful pamphlet on British Rail Inter-City services. Previously you could get it at any main station. This year I was told that I had to apply for it in writing; and still it has not materialised.

Only a mad managerialist could think of dividing the rail network into dozens and dozens of separate groups for privatisation. The whole point of a transport network is to get you from one part of the country to another. So extreme decentralisation makes no sense. Indeed the network will have to be recreated through interchangeable tickets and dovetailed timetables, all involving much time, effort and negotiation, and inconvenience to the traveller.

A primary feature of modern managerialism is that, despite all the advantages of computerised information that the organisation has, the individual customer sitting amid the confusion of his own home is meant to do all the work. Computerised reminders of charges or appeals for funds come from businesses and charities alike. But their compilers have not even had the courtesy to check whether the recipient has already paid, or has signed a debit instruction. For that would involve the bother of an individual (or as they would say "individualised") letter which would be beyond the ken of the management expert.

One of the main features of computerised communication is that it is not really efficient or cost-saving. My own bank discovered this when I was sent extremely unpleasant threats for the non-payment of a trivial sum of money on a credit card which I had not in fact used. But the frustrating thing about a computer is that there is no one at the other end; and if you do not comply with precise and often misconceived instructions, ever-more threatening letters will emerge at prescribed intervals.

Minor manifestations of managerialism occur in the expressions that modern-minded companies tell their employees to use. How many telephone calls have you had answered by "How can I help you?" in a not very helpful voice? If you come in person you are told to "take a seat" – usually a low couch from which it is difficult to rise and where you are made to sit out of harm's way until they are ready to deal with you. Such forms of words combine a superficial courtesy with the reality of a put-down. It almost makes me prefer the older expression "he's in a meeting", designed to make all communication impossible.

A new horror consists of voice mail. The old telephone answering machine, which simply recorded a message if someone was not in or was too busy, was very useful. But now before you can even leave a message you have to hold on for about 10 minutes while a large number of alternative options are read out; and you have to wait for a tone at the end of it all which is sometimes inaudible. It is very tempting to use all one's guile to find a non-listed telephone number on which a human being will actually reply.

Lesser examples of modern management include the replacement of tea-trolleys by machines which give a very restricted choice and are often jammed. The waste of highly-paid employees' time in trying to get these compartments to disgorge their contents far outweighs the payment of a part-time lady.

We are told that we live in an information age where the most valuable commodity is information. In fact most of the people who talk about this revolution are interested only in the technical means of communication and have not the faintest idea of what it is they wish to communicate.

* *Blackwell, 108 Cowley Rd, Oxford OX4 1JF).*

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

No abuse by magistrates

From Andrea Lorenzo Capussela.

Sir, I disagree entirely with Robert Graham's statement ("Curtain rises on the final act", December 16) that the Milan magistrates "have clearly abused the rights of citizens in interrogations and in leaking documents to discredit individuals".

The existence of any abuse can be excluded as the magistrates' conduct has been upheld in virtually all cases by the High Court, the Court of Appeal and the Supreme Court.

As regards the leaks, many people have access to investigation documents: magistrates, advocates, policemen and court bureaucrats. Any of them could have passed the documents to the press, and to hold the magistrates responsible for the leaks is a very radical proposition.

I suspect Robert Graham based his views on these matters solely on the repeated slogans of Mr Berlusconi's supporters, which is at least a rather unreliable source of information.

Andrea Lorenzo Capussela,
26 Hugh Street,
London SW1V 1RP

Such insight could re-write history

From Mr Colin S Jones.

Sir, The standing advisory committee on trunk road assessment (Sactra) offers us a valuable insight in suggesting that new roads generate new traffic ("Government to reassess plans for new roads", December 20). It is a pity that the railway builders a century and a half ago did not refrain from laying down new railway lines for fear that they might generate new economic activity. Or, indeed, the canal builders in the 18th century.

Come to think of it, it is a pity that the same insight was not shared by electronic engineers, chemists, pharmaceutical scientists, steel makers, oil prospectors, or indeed the explorers of the 15th, 16th and 17th centuries.

Colin S Jones,
30 Gloucester Circus,
Greenwich,
London SE10 8RY

Yet more overheads

From Mr J Rowbottom.

Sir, As customers of Northern Electric we quake at the prospect that it may eventually be taken over by Trafalgar House, or indeed by some other company.

This reaction is open to misinterpretation. It does not stem from any fondness for Northern Electric – in fact, the electricity regulator, Offer, has judged Northern Electric to have been overly successful among the regional electricity companies in relieving customers of their money – but rather from the thought of yet another layer of overheads to be paid for by the captive Northern Electric customers.

In this year of all years, in which Offer has so comprehensively demonstrated its ineffectiveness, who can possibly imagine that it could stop Trafalgar House from loading extra costs on to Northern Electric – an apportionment of Trafalgar House board costs, the costs of feeding the lions in Trafalgar Square, etc etc?

J Rowbottom,
The Stone House Inn,
Thruscross, Nr Harrogate,
North Yorkshire LS29 9QS

Attraction of jobs for life should be examined

From Mr Andy Lake.

Sir, Peter Robinson, of the London School of Economics' Centre for Economic Performance, welcomes (Letters, December 13) the "nailing of the myth" that jobs for life have become a thing of the past, as outlined by Simon Burgess and Hedley Rees ("Jobs for life still available to many" December 9).

Would that it were as simple as that. Figures from the Labour Force Survey in December's Employment Gazette paint a more complex picture. Comparisons between 1984 and 1994 show that while the number of permanent jobs (employees) has grown by 2 per cent, the number of temporary posts has grown by 27 per cent. For men there has been a reduction of 6 per cent in the number of permanent posts, and an increase of 38 per cent in the number of temporary jobs.

One only has to look at a sector such as further and higher education to see the impact of these changes. Not just yearly contracts, but term ones are becoming the norm in some institutions. This does of course raise the question of how many renewals of a temporary contract it takes for a temporary job to become a permanent one?

During this period there has also been, as is well-known, a big rise in the numbers of self-employed (23 per cent) and in part-time working (24 per cent), particularly for men (69 per cent). Perhaps more profitable than a debate about whether there are still "jobs for life" to be found (implying that that is intrinsically desirable) would be to look at the massive growth in jobs which are part-time, temporary, home-based or flexible in some way, and their potential for good or ill.

Some three-fifths of new jobs are believed to fall into the "flexible" category. Often, such forms of employment offer advantages which compensate for the attendant lack of job security.

But what policy-makers, employers and providers of financial services need to examine are the reasons why "jobs for life" are attractive to people, namely as the underpinning for housing, retirement, insurance and so on, and develop a framework whereby people in more flexible forms of employment can enjoy similar levels of security.

Addressing these concerns offers a more realistic approach to trends in the jobs market than holding out false hopes that there will continue to be an adequate supply of full-time, permanent posts to meet demand.

Andy Lake,
editor,
Flexibility newsletter,
1 Milton Road,
Cambridge CB4 1UY

Mortgage element has a role in prices index

From Mr David Lea.

Sir, As he indicated in his article "How to miss on the inflation target" (December 19), since he joined the Retail Prices Index Advisory Committee two and a half years ago Samuel Brittan has strongly advocated the removal of mortgage interest payments from the index.

After reviewing all the arguments, including consideration of papers by distinguished academics, the majority of the committee took the opposite point of view, one factor being the unique role played by mortgage interest payments in the structure of housing finance in Britain.

We are proposing to continue this, somewhat modified, to give greater weight to new house prices.

In other words, Samuel Brittan lost the argument, partly because he refused – and still does – to address the strengths of the case for the mortgage interest payments system.

The advisory committee has for many years been responsible for modifications to the index – most recently, for example, designing a formula to cover holidays abroad – and the index undoubtedly has very wide acceptance.

Unlike its equivalent in a number of OECD countries – and indeed unlike the unemployment statistics in the UK (which are not reviewed by an advisory committee such as the RPIAC) – the RPI has not been a source of political controversy in Britain. Long may that remain so.

It is a fact of life that the RPI is used for a wide range of different purposes. By a process akin the Darwinian survival of the fittest, it has seen off other media inspired indices – just the sort of process which Samuel Brittan would normally describe as the proper result of market forces.

David Lea,
assistant general secretary,
Trades Union Congress,
Congress House,
Great Russell Street,
London
WC1B 3LS.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Thursday December 22 1994

Right decision, wrong tactics

The Mexican government's decision to allow the peso to devalue was correct from an economic standpoint but, as the panic in Mexico's financial markets yesterday illustrated, one it handled unnecessarily badly. All governments suffer credibility crises following devaluations, but the Mexican government's tactics before and after Tuesday's currency move have increased the damage.

The message the markets are sending the new administration of President Ernesto Zedillo is that further adjustments to economic policy are necessary to ensure the gains from currency depreciation are not frittered away. It will take much more than this one step for the economy to be freed from its straitjacket of slow growth.

Tactically, the government would have done better to give the peso room for a larger devaluation to make its new floor more easily defensible. More fundamentally, investors were seeking a government commitment to act forcefully to curb the current account deficit that is their central concern. Instead, they were fed a series of government statements which blamed the devaluation on "temporary" political factors.

Like other governments in Latin America, the Mexican government was forced in the late 1980s – by the complete absence of credibility in fiscal and monetary policy over many years – to use the exchange rate as its principal weapon in the battle against inflation. In the six years of the administration of President Carlos Salinas, the credibility of fiscal and monetary policy was substantially enhanced. However, he has bequeathed to his successor a substantially overvalued currency and an economy locked into a cycle of high interest rates and slow growth. The current account deficit had grown to 8 per cent of gross domestic product, which had to be financed by capital from abroad.

Virility symbol

With the tense stand-off between peasant rebels and the Mexican army continuing in the southern state of Chiapas, investors had been pulling their money out of the country, despite the high interest rates on offer. The strong exchange rate had become more of an economic virility symbol than a helpful policy tool.

At a level of four to the dollar, the peso appears now more or less appropriately valued. The government's first task is to reassure financial markets that this is the case. It must ensure that the devaluation does not feed, via wage pressure, into inflation, which would erode the competitive gains resulting from the devaluation.

The government has secured an agreement with business leaders and trade unions – under the so-called *pacto* – to limit wage increases to 4 per cent in the coming year. This should help to keep inflationary pressures under control during this transitional period. The government also needs to send a clear message of its intention to tackle more directly the roots of the current account deficit, which will remain uncomfortably high for some time to come despite the devaluation.

Domestic savings

The deficit is a reflection of the weak level of domestic savings, which entails a heavy reliance on foreign savings to sustain investment and promote growth. Because the main savers in Mexico are companies rather than private individuals, a devaluation whose consequences, over time, should increase company profit margins can help to raise the domestic savings rate. In the meantime, the government must announce credible plans to increase its own savings – by enlarging the budget surplus.

The government also needs to spell out its intention to remove the many remaining obstacles to Mexican competitiveness. Economic reform in the past 10 years has been extensive, but inadequate to clear the path for adequate growth. Deregulation needs to go much further and faster. The judicial reform announced by the president must be vigorously pursued to provide business with confidence in the rule of law and the sanctity of contracts.

The government also needs to move further on privatisation. The clearest signal it could offer would be to announce plans to privatise the inefficient state-run electricity and energy monopolies. Were it to do so, the markets might begin to revise their hitherto unfavourable view of this week's events.

Time to debate worker rights

This week's UK government climbdown on the matter of part-time worker rights raises two important worries. The first concerns the ruling itself, which may imply short-term adjustment costs for both employees and employers. A much larger concern, however, relates to the way the regime-change came about, and the government's unduly negative approach to the question of worker rights.

Uncertainty about future regulatory changes distorts employment decisions more than the changes announced to parliament on Tuesday. Recent changes in the structure of employment have made the UK labour market more flexible, but they have also bred understandable fears about job security and equitable treatment of employees. The country urgently needs a constructive debate about the framework of worker rights, which could make the two demands – *flexibility and fairness* – more visibly compatible. Neither the government's resistance to part-time rights, nor back-door legislation by the law lords, provides a worthy substitute.

Granting redundancy, unfair dismissal and other statutory rights to all part-time workers who have been employed for over two years may have negative effects for part-time workers. Some argue that companies, especially small ones, will now decide to employ, say, one full-time worker instead of two part-timers, because employing the latter is no longer as advantageous. Ironically enough, this would hit women hardest, although it was a case brought against the government by the Equal Opportunities Commission that triggered the Law Lords Ruling in the first place.

Legitimate worry

There is a legitimate worry here, but it can be over done. The only workers who will be immediately affected will be those who have worked at the same company for more than two years but fewer than five. This represents only about 750,000 of the UK's 6.5m part-time workers. Many of the remainder already enjoy equal treatment. This is either because they have put in the five years previously required for those working 8-16 hours, or because they work for one of the growing number of employers who have voluntarily opted to treat part-time and full-time workers more equitably.

These considerations may partly explain why the Confederation of British Industry and many employers have greeted the ruling with more equanimity than the government. Another explanation would be that the two-year eligibility requirement provides a way to avoid these restrictions.

Greater flexibility

Mr Michael Portillo, the employment minister, made clear on Tuesday that the government resented being forced to change tack. Excessive regulation, he argued, threatened to undo the greater flexibility achieved in the UK labour market in recent years.

Part-time work may, for many companies, be a way of improving their efficiency. But, as long as there are arbitrary legal and tax distinctions between part- and full-time workers, it will be impossible to judge how far part-time work represents greater flexibility, and how far it is a response to regulatory distortions. The proportion of part-time female employees working fewer than 16 hours a week rose by about a third between 1979 and 1990: the fact that these very low-hour jobs have grown considerably faster than part-time work overall may owe much to their different fiscal and regulatory treatment.

Mr Portillo is right that Article 119 of the Treaty of Rome is an inappropriate instrument for wide-scale changes to UK labour legislation. The notion of indirect discrimination does have disturbing ramifications. For all that, it is a pity that the government decided to use the ruling as an excuse to win political points with Conservative Euro-sceptics rather than as an opportunity to lay out a more positive approach.

A workable framework of employee rights will not be achieved while the debate is polarised between extreme "deregulators" and supporters of all-encompassing regulations. The lack of a "feel-good" factor in the recovery so far owes much to the unease felt by those whose terms of employment are changing. Such insecurities need to be addressed.

UK privatisation policy, admired internationally, is under fire at home, writes **Bronwen Maddox**

A model in need of overhaul

A decade after the flotation of British Telecom, Deutsche Telekom, the German state-owned monopoly, is lumbering towards the stock market. The DM15bn Telekom sale, one of the largest in the world, reflects the eagerness with which much of Europe and Asia is now embracing the UK model of privatisation.

The transfer of state companies to the private sector, widely regarded as the essence of Thatcherism, remains one of the UK's most popular exports. The collapse of communism, which shook faith in the virtues of state ownership, has helped its international propagation.

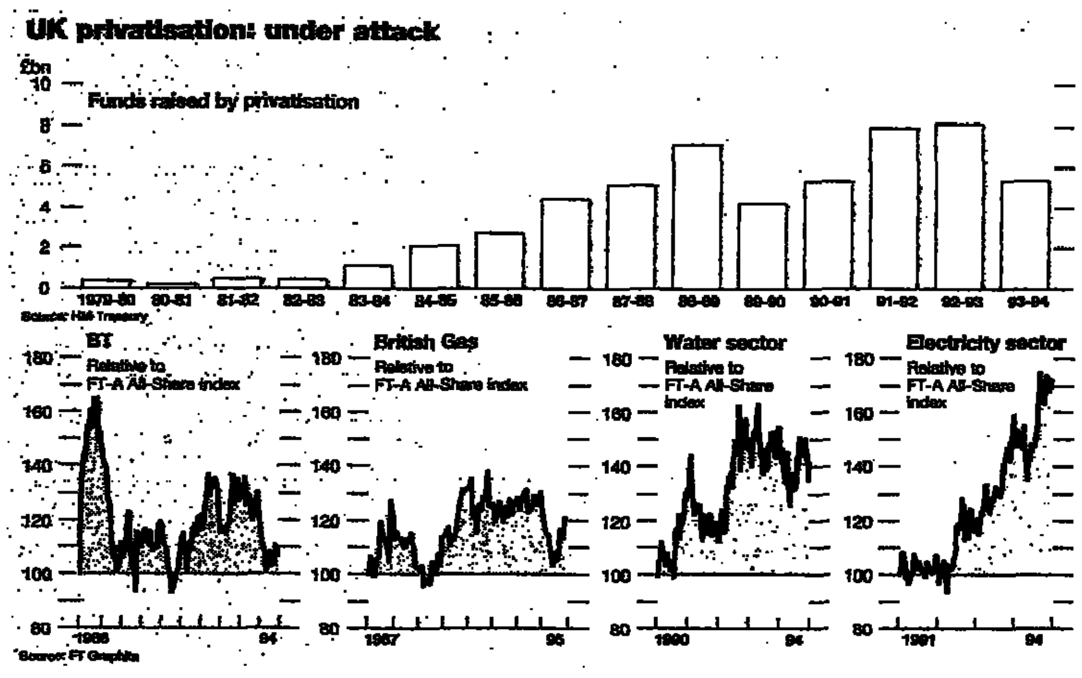
But in the UK, where sales of state-owned companies have raised nearly £60bn for the government since 1980, the philosophy is under attack. Customers of the privatised utilities feel that shareholders have been the real winners, with sharp rises in profits and dividends. That grievance has been deepened by steep hikes in directors' pay, notably the 75 per cent rise awarded last month to Mr Cedric Brown, British Gas chief executive.

In the face of public and backbench criticism of privatised utilities, the government has recently shelved proposed sales of the Forestry Commission, Scottish water, and the Post Office. It is under increasing pressure to demonstrate that past privatisations have delivered the promised benefits.

Some privatisations are now less controversial – including British Steel, British Airways, the Rover car-maker and Cable & Wireless, the telecoms group. These all face competition in their markets, and have greatly improved their performance (while many of their international rivals are loss-making).

However it is on the performance of the utilities – telecommunications, gas, electricity and water – that privatisation is judged by the British public. With some or all of their businesses effectively monopolies, they have not faced competitive pressures in the private sector. The UK privatisation model relies on independent regulators to curb their monopoly power and encourage economic efficiency through price controls. These controls have taken the form of capping annual price rises according to a formula linked to the retail price index (RPI); in most cases, these are "RPI-X" formulae that hold rises below the rate of inflation.

Of the four, British Telecom provides the most convincing case that the UK model works. A decade ago, BT warned 250,000 customers waiting for new telephone lines that it would not even suggest an installation date; now, it says it will install a new residential line within 48 hours. Before privatisation, telephones had to be rented from BT; now there are hundreds of models on sale in shops.



Since 1984, the price of calls has also dropped by an average 40 per cent in real terms. Meanwhile, turnover has doubled to £13.8bn in the year to March 1994; the 90,000 fall in staff numbers to 150,000 has allowed pre-tax profits to treble to £2.8bn.

The spur has been competition, largely from Mercury, the Cable & Wireless subsidiary, as well as technological change and the price controls. But growth of competition was slower than expected, with some would-be rivals arguing that they were inhibited by the terms of access to BT's network.

Privatising electricity presented greater challenges, in the absence of competition in the industry. Radical structural reform during the sale separated transmission and generation. The 12 regional electricity companies (Recs) that supply power to consumers were allowed to compete in generation, to a limited degree.

That competition, together with price capping imposed by the regulator, has caused staff numbers and operating costs to fall sharply. But Mr Dieter Helm, director of Oxera, the forecasting group, argues that the savings should have been greater since the price of coal, gas, oil and uranium has fallen since privatisation. "There is little evidence to show that customers are much better off," he says.

Moreover, the industry's restructuring proved unexpectedly controversial when it triggered a "dash for gas", as generators built power stations using cheaper gas to replace coal as a fuel. Professor Stephen Littlechild, the electricity regulator, backed the switch on the grounds that it cut costs and increased competition in power generation. But it also hastened the decline of the coal industry, creating a row over pit closures that harmed the image of privatisation.

Despite those concerns, the restructuring of the electricity industry has spared its regulator many of the problems that have confronted his counterpart in gas. The government chose to privatise British Gas with an intact monopoly in transportation and supply of gas. The company was also the only UK buyer of gas from producers. While it has been forced to cut gas prices for smaller customers, initially it faced no price cap in the market for larger customers.

The light regulation and unchanged structure were heavily criticised at the time of privatisation. Professor John Vickers, an Oxford economist, says the price controls on British Gas required "lower productivity gains than those British Gas had previously achieved while in public ownership".*

The government has since introduced curbs on British Gas, including limits on its market share and a requirement to sell gas to competitors to allow them to supply customers. But these fall short of the changes recommended by the Office of Fair Trading and the Monopolies and Mergers Commission, which have both criticised the terms on which competitors can gain access to the British Gas network to deliver their gas to customers.

The problems of gas regulation dwindle, however, when set beside those of water where it is impossible to introduce direct competition without creating competing networks of water pipes. The weight placed on the regulator to curb abuse of this monopoly is consequently higher.

A complication in his task is that companies have embarked on a £40bn capital spending programme, to modernise pipes and sewage plants after decades of under-investment and to enable the the UK to comply with European environmental directives. Under the price formula set at privatisation, the costs are passed onto customers, and have pushed bills up by 5 per cent a year above inflation since 1989.

Mr Ian Byatt, the water regulator, has criticised the Brussels standards, particularly those on drinking water, for being unnecessarily tough. He has also attempted to lighten the consumer's burden by restraining real price increases for the next 10 years to an average of 1 per cent. But as Professor Colin Mayer, an Oxford economist, comments, it has "been difficult" for the regulator to determine the industry's cost of capital and to compare companies' efficiency. "There are no easy answers", he adds.

The mixed record of utility regulation indicates that insufficient ambition in creating competition when privatising utilities creates a troublesome legacy for the regulators – even if it helps sell the shares. As Prof Littlechild says: "however well-intentioned and well-informed [is] price control, effective competition is better".

Prof Littlechild originally believed that regulators would be able to introduce enough competition to allow regulation to wither away. However, as Prof Vickers argues, "it is over-optimistic to view regulation as a stopgap until sufficient competition arrives".

In his view, the regulatory framework and pricing formula have "so far survived reasonably well". In recent reviews, regulators have tightened the price curbs, helping customers, at shareholders' expense (although they have satisfied neither customers nor companies).

But problems remain. In particular, the terms on which competitors use the telecommunications, gas and electricity networks are hotly disputed. As Professor John Kay of London Economics, the consultancy, says, in the context of telecoms, "It has been evident since the first stirrings of competition . . . that the terms on which entrants would be allowed access to the incumbent's network were critical".

It is clear that inadequate attention to such problems at the time of privatisation is the cause of many of the complaints about the privatised utilities. The forthcoming privatisation of British Rail is the next chance for the government to show whether it has learned that lesson.

**Regulatory Reform, by Mark Armstrong, Simon Cowan and John Vickers, MIT Press, 1994.*

Real target behind Bundesbank ritual

PERSONAL VIEW

Twenty years ago, on December 5 1974, the Bundesbank was the first central bank in the world to announce a monetary target. Many central banks followed this example, but sooner or later they have all learned that, while the money supply is an important indicator, it is not suitable as the guiding star of monetary policy.

Germany, however, continues to think otherwise. Indeed this year, the members of the Bundesbank's Central Bank Council have used any opportunity to defend monetary targets as a cornerstone of German "stability culture". So it is almost certain that at its meeting today the council will announce its 21st monetary target.

This lasting devotion to monetarism is difficult to reconcile with the German experience of monetary targeting over the last two decades:

- Of the 20 targets set between 1975 and 1994, the Bundesbank achieved only 10.
- The deviations from the targets were not random. In all cases where the target was missed the money supply exceeded the target.
- The Bundesbank has never attempted to compensate for over-expansion in one year by setting a correspondingly lower target for the next year.
- The relationship between M3 (the intermediate target for money supply) and short-term interest rates (the instrument at the disposal of the Bundesbank) has become quite unclear. For example, the Bundesbank increased short-term rates to dampen monetary growth in 1992; it did just the opposite in 1994.

The target aggregate, the money supply M3, less and less reflects the actual money holdings of German companies and households. It not only excludes the strongly growing money market funds but also D-Mark Euro-deposits which amount to almost 50 per cent of traditional short-term time deposits. In fact, it is only because of shifts in new financial instruments that the monetary target for 1994 could formally be met.

With this "pragmatic" use of its monetary targeting, it seems hardly possible that the Bundesbank should have acquired such a high degree of credibility. Obviously, the Bundesbank's approach must contain something more important than its monetary target.

Lasting devotion to monetarism is difficult to reconcile with the German experience

This decisive factor is not difficult to identify. It is the bank's clear commitment to a low inflation rate. In other words, the Bundesbank's policy is a typical – and also successful – example of a strategy that is now called "inflation targeting":

- Together with its monetary target, the Bundesbank has for many years also announced a target inflation rate of 2 per cent a year.
- Short-term interest rates, the Bundesbank's monetary policy instrument, have mainly been geared towards expected trends in consumer price inflation. For instance, since autumn 1992, the main justification for lowering key interest rates was the better prospects for price stability.

The famous "long and variable lag" between the implementation of monetary policy and its impact entails the risk of setting rates too high or too low. It is at this point that credibility comes in. If a central bank's commitment to price stability is credible, trade unions will incorporate the inflation target in their wage setting.

Under such conditions, it is not too difficult for the central bank to achieve its target. If credibility is in danger, the problem of lags forces a central bank to be overly restrictive to ensure the inflation target can be met. This use of interest rates under a regime of "inflation targeting" explains the very restrictive policy stance of the Bundesbank until the autumn of 1992.

Thus, in reality there is only a small conceptual difference between monetary policy in Germany and in the US and UK, two countries that openly practise "inflation targeting". The recent interest rate reactions of the Bank of England and the Federal Reserve to early signs of inflationary pressures show that these two central banks are now also trying to maintain and enhance their credibility by copying the Bundesbank's approach.

So what about the monetary target? Advent is a period with many old rituals. If the Bundesbank likes the little annual ceremony of announcing a monetary target, one should not criticise it. But behind the rituals the real world should not be forgotten – especially in 1995, when the conceptual design of the European Central Bank's monetary policy has to be developed.

Peter Bofinger

The author is professor of economics at Würzburg university and research fellow of the Centre for Economic Policy Research, London

OBSERVER

Shivering timbers

■ Don't fancy John Olsen's chances of remaining at the helm of Cunard, Trafalgar House's ritzy shipping company. The bungled refit of Cunard's QE2, flagship of Britain's merchant navy, has tarnished the image of the world's greatest liner and also raised serious questions about the competence of Trafalgar House's new top team.

It's no use blaming seasick plumbers for the delays. Refurbishing an elderly liner is just as tricky as renovating a stately home – you don't know what the problems are until you start taking it to bits. Cunard's original timetable was far too tight and its response to the inevitable public relations' crisis far too slow.

The fiasco is particularly embarrassing for Trafalgar House, which wants to take over Northern Electric and which it says it can run more efficiently while encouraging an "increasingly commercial culture". Tell that to the QE2 passengers left behind.

Nor has Nigel Rich, Trafalgar House's new chief executive, set much of an example. He didn't start work until mid-August – 10 months after being selected. Such a lengthy management hand-over may be acceptable in a smoothly functioning corporation – but not in a company with Trafalgar's problems.

Olsen, an airline man who jetted in to Trafalgar House from Cathay Pacific after a brief stop-over at Dan Air, was one of the first board appointments made by Trafalgar House's new chairman, Simon Keswick. His new boys would be better advised to put their own house in order before they start telling others how to run a business.

High scorer

■ Few of the names in the cabinet-in-waiting of Brazilian president-elect Fernando Henrique Cardoso ring many bells outside the upper reaches of the Amazon, least of all that of the new 54-year-old secretary for sport, Edson Arantes do Nascimento.

His family call him Dico, but most know him as Pele, probably still the world's most famous sportsman. Pele hasn't kicked a ball in earnest since October 1977, when in New Jersey he appeared both for New York Cosmos and his long-standing Brazilian club, Santos.

But Cardoso clearly has other reasons than soccer for giving Pele a government post. Next year will be another shaky one for Brazil's economy, so Cardoso will be grateful to have at least one public official whose salary won't be a crucial issue. Pele is Croesus-rich, this year alone raking in an estimated £15m from product endorsement deals from companies such as Pizza Hut and Mastercard.

His business interests include dairy and fish farms, as well as a radio station.

Maybe that's why Cardoso chose him – to bankroll his fellow government ministers. "Edson – can you spare me a moment tomorrow to discuss the national debt crisis . . . ?"

No comment

■ Astute Mexicans were not wrong-footed by Tuesday's 15 per cent devaluation of the peso against the dollar. They had seen all the signposts from miles away.

November 20: president-elect Ernesto Zedillo, for the third time since his August election, ratifies the country's annual economic pact between government, business and labour. The pact promises an exchange rate of $1:3.5 pesos.

December 1: Zedillo's inauguration speech, in which he promises a strong currency and tight monetary policy.

December 9: finance minister Jaime Serra Puche presents Mexico's 1995 budget to congress – promising an exchange rate of $1:3.5 pesos.

December 14: Jaime Serra Puche gives an interview to the FT, and says the peso will not be devalued.

December 20: Devaluation, and the new rate is $1:4 pesos.

"Once he went to the FT, I knew it was all over," said one laconic trader yesterday.

In the dark

■ Nice idea. Eurotunnel yesterday took to the UK press to advertise today's opening of Le Shuttle. While the Guardian had to be different, publishing a page from that day's Le Figaro, the other newspapers carried a page of specially commissioned articles by an ex-Figaro journalist.

If readers felt the French was a bit beyond them, they were in good company. "Nobody was meant to understand the French itself," said commercial director Christopher Garnett. The point was to catch people's attention – with a nice simple, English message on the opposite page. Eurotunnel was initially adamant, though, that the articles were entirely serious.

Ah, so the company knows all about the Association of Investigative Journalists that is campaigning for public figures to disclose their wealth at the beginning and end of their terms of office? And the Committee for the Preservation of Parisian Brasseries which is quoted opining on the subject of the soaring price of espresso coffee? Eurotunnel's promotion people should look again at the article about Asterix's 35th birthday, signed by one Bertrand Pigeon – which translates not only as pigeon, but also mug or sucker.

Major laughter

■ He may be down but he's far from out; John Major can still manage a joke at the expense of his tormentors. In cheery mood at the 10 Downing Street party this week he confessed to the political editor of The Independent that he was a reader of the paper – adding that his wife Norma was the other one.

Nor did the left-leaning Guardian escape. Its chief political hack Michael White found his stomach – which has clearly benefited from a few Christmas lunches – being prodded by the prime minister. That, Major announced to the assembled crowd, was what happened when you had four per cent growth.

FINANCIAL TIMES
Thursday December 22 1994

Doubts cast on commitment to competition

Germany sacks its chief of telecoms deregulation

By Christopher Parkes in Frankfurt

The crisis over management and regulation in Germany's telecommunications sector sharpened yesterday with the sacking of the chief architect of the government's liberalisation programme.

Mr Peter Bross, the top postal ministry official responsible for strategy, tariffs and regulatory matters, was forced into "temporary retirement" after disputes with his seniors. Mr Bross, 44, was removed by a little-used regulatory device for displacing public officials, who are commonly protected by a jobs-for-life guarantee.

His departure follows the equally unexpected resignation for "purely personal reasons" earlier this month of Mr Helmut Ricke, chairman of the state monopoly Deutsche Telekom, and last week's rejection by Mr Tyll Necker, outgoing head of the confederation of German industry, of a seat on Telekom's supervisory board.

These events have brought about a crisis of confidence at the most senior level in the commitment of Mr Wolfgang Bötsch, post minister, and his state secretary, Mr Gerhard Pfeffermann, to deregulation in the telecoms market, officials suggested yesterday.

Mr Bötsch has said he is committed to free competition in the German telecoms market by 1998, but "that is not much help when no one knows what is going to be liberalised or how," one critic said yesterday.

Bankers preparing for the first tranche of Telekom's privatisation, due in mid-1996, said the projected share sale was unlikely to be affected by management or political disruption. But they said it would help if the government would start to prepare the legislation needed for supervision of the telecoms market after privatisation.

Mr Bross has often complained that present legislation is designed to turn Telekom from a state to a private monopoly without allowing the private sector a chance to compete on equal terms.

An ardent promoter of orderly liberalisation in the telecoms market, Mr Bross has played a leading role in changes such as the successful introduction of private sector competition in mobile telephones.

Observers yesterday reported "friction and discord" between Mr Bross and Mr Pfeffermann over many months. "He was one of our best people," one said. The fact he had been removed because of a purely political decision should be seen as a sign that telecoms liberalisation was not the government's main aim," another stated.

Mr Pfeffermann, recently appointed to Deutsche Telekom's supervisory board, was also the reason for Mr Necker's rejection of a supervisory post. Mr Necker's complaint of a conflict of interest between Mr Pfeffermann's ministry role as a telecoms industry regulator and as a representative of Telekom's owners was dismissed as incomprehensible by Mr Bötsch.

Mr Ricke has refused to explain his decision to quit.

N Korean gesture raises hope for pilot

By Peter Montagnon, Asia Editor, in London

North Korea yesterday promised to release the body of a US air force crewman killed in a helicopter that crashed on its territory at the weekend, raising hopes that the surviving crewman might be able to return home for Christmas.

A Pyongyang official news agency statement saying the remains of his co-pilot would also be handed over soon helped defuse tensions in North Korea's relations with Washington.

The crash has come at an awkward time. Pyongyang's decision-making is hampered by uncertainty over the succession to the late president Kim Il Sung. The North Korean military, believed to have reservations over the rapprochement with the US, now has an excuse for backpedalling.

North Korea's initial silence on the US request for its crewmen and helicopter to be returned had raised fears the incident could scupper the deal struck in October whereby North Korea agreed to dismantle facilities that could be used for making nuclear weapons.

Mr Bill Richardson, the US congressman negotiating with the North Korean government, said he expected to bring the remains of Chief Warrant Officer David Hilemon to South Korea this morning.

US officials said Mr Richardson was optimistic that Chief Warrant Officer Bobby Hall, who was unharmed but who has been held since the crash, would be freed by Christmas. But North Korea said it was thoroughly investigating the incident. "A step will then be taken according to relevant procedures," the official news agency said.

The US has argued that the helicopter, well inside North Korean territory when it came down, strayed over the border by accident. North Korea said it "was shot down in a self-defensive measure".

Some analysts believe Pyongyang may also have wanted to use the incident as a means of forcing the US to sign a formal peace treaty ending the Korean war of the 1950s. The US believes this is a domestic Korean matter.

But Pyongyang's foot-dragging is fanning opposition in the US to the nuclear deal under which North Korea is to receive financial aid and technology in return for closing its heavy-water reactors.

Demand by Yeltsin security chief shows split on reform

By John Lloyd in Moscow

A letter from General Alexander Korzhakov, head of President Boris Yeltsin's security service, to Mr Victor Chernomyrdin, the prime minister, reveals a bitter struggle within the Russian government over the direction of economic reform.

It also shows the power of Gen Korzhakov in areas far beyond his jurisdiction. The general, to whom Mr Yeltsin has referred in his recent memoirs as his closest and most trusted aide, is seen by politicians and other observers as wielding immense power.

The letter, a copy of which has been obtained by the Financial Times, directs Mr Chernomyrdin to review decisions liberalising oil exports, which will narrow the gap between domestic and world prices for oil. This is a key issue for the International Monetary Fund and the World Bank in granting loans to Russia.

The bank and IMF have voiced concern that a plan to introduce domestic quotas for oil distribution will be more restrictive than existing quotas on exports which are to be lifted. Earlier this week, Mr Ernesto Hernandez-Cata, IMF deputy director for eastern Europe, said: "We are completely against this proposal."

In the letter, Gen Korzhakov opposes government orders drawn up by Mr Alexander Shokhin, the former deputy prime minister who resigned last month, and signed by Mr Chernomyrdin. They had promised to liberalise exports and to allow

Day belongs to Russians, night to Chechens ...... Page 2

non-discriminatory access to oil pipelines for foreign oil companies as a precondition of further loans by the bank.

Gen Korzhakov writes: "The national economy cannot be strengthened by foreign intervention in the raw material branches of the economy, which make up 60 per cent of Russian exports. The creation of a so-called 'non-discriminatory' access to the pipeline capacity of the oil sector of the economy [in accordance with the demands of the World Bank] means ... the imposing of a financial agreement profitable to the World Bank, but not for Russia."

Noting that proposed loans to an oil project in Priobsky in Western Siberia ($500m) and the coal industry ($500m) would "increase dependence on foreign capital", Gen Korzhakov says the effect would be to lower the competitiveness of Russia's export potential in this area. "That is wholly inadmissible both for the political and for the economic consequences on the country."

"We believe it sensible to propose that you entrust first deputy prime minister [Oleg] Soskovets ... to set up a commission to work out an expert view on all the aforementioned orders from the point of view of their accordance with national strategy in the area of oil policy and the strengthening of the country's economy," he says.

The "we" in the last paragraph is not defined, but the letter is headed with the title "Security Service of the President of the Russian Federation", and is signed by Gen Korzhakov.

UK to halt funds for OECD research group

Continued from Page 1

sents about 5 per cent of the Development Centre's annual funding. The centre is a semi-autonomous wing of the OECD and its budget is separate from the overall OECD budget. Membership is voluntary for OECD members, but most support it as part of their funding for the OECD.

British officials pointed out that the decision should be seen as part of broader cuts and reallocation in the UK development budget.

However, OECD officials suggested that the move could be a retaliation for the UK's defeat in its attempts to impose tighter controls on the overall OECD budget. The Development Centre said it was disappointed by the decision and warned it would probably reduce its employment of British consultants as well as research into areas of interest to Britain.

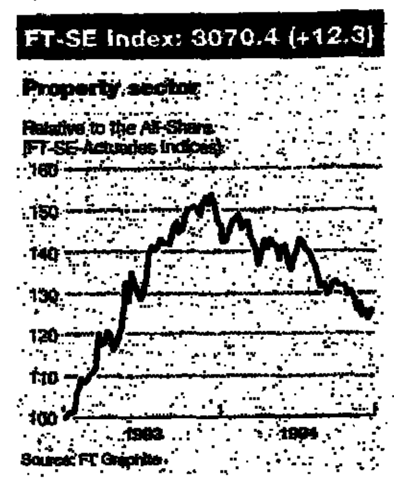
THE LEX COLUMN

Halifax's direct hit

The cracks in the masonry of the personal insurance market are widening. First came the successful assault by the direct telephone-based insurers on motor business. Now, Halifax building society has launched what looks like a pre-emptive strike to stop the direct insurers from making significant inroads into the lucrative buildings insurance market. The society's 20 per cent across the board cut in premiums in this sector is set to trigger a new price war.

The main sufferers of intensified price competition will not be the building societies or others which merely distribute policies but the composite insurers which earn a fat proportion of profits from underwriting personal insurance business. Sun Alliance has the most to lose, as it provides the bulk of Halifax's buildings policies. Its shares fell more sharply than those of other composites yesterday, but all will suffer. Buildings insurance is currently luxuriantly profitable – a 25 per cent pre-tax return on premium income is not unusual. Add in investment income and the return on capital can be more than 50 per cent. The insurance industry's long lead times mean it will take several years for lower premiums to feed through to reduced profits. But the move confirms investors' scepticism about the quality and sustainability of insurers' underwriting profits. The sharp underperformance of insurance shares in the past year is set to continue.

FT-SE Index: 3070.4 (+12.3)



Source: FT Graphite

Lloyd's of London

The drop in capacity at Lloyd's of London from £10.9bn to £10bn for next year is not as big as could have been hoped for. The market is now operating at excess capacity, increasing the temptation for Lloyd's underwriters to take on poor quality business. But Lloyd's faces bigger problems. Litigation hangs over the market and plans to hive off pre-1985 risks to Equitas, a company due to be formed to take over such long-tail business, are fraught with difficulty. The exodus of individual names, which are down 16 per cent for next year, is set to continue: the suspicion is that many are waiting for Equitas to be established before quitting the market. Lloyd's will be obliged to attract capital from corporate investors in order to survive. Whether it can do this remains an open question. That the years 1993 to 1995 are set to be profitable will make things easier, but profits for 1993 will not be reported until 1996.

Italy

The Milan equity market's recovery this week appears perverse. Collapsing governments normally engender the sort of instability disliked by investors. But Mr Berlusconi's coalition has been so disastrous that any prospect of change is being viewed as positive. The government's initial inability to govern could have been excused by inexperience. But it became increasingly apparent the three coalition parties were incompatible. The coalition's collapse would therefore eradicate instability.

Foreign investors, heartened by political developments, have driven the market's 7.5 per cent rise in the past week. They believe Italian equities represent good value. After all, the market has fallen 18 per cent over the last quarter and the lira is at an all time low against the D-Mark. They also stress the strength of the economy and corporate earnings growth. And they argue further devaluations of the lira can be offset by picking industrial stocks generating a high proportion of profits outside Italy.

Such arguments carry weight. However, investors should not overlook the political dangers. Attempts to form a government led by a non-partisan prime minister will be long and complicated. Elections during the first half of next year are probably inevitable. Italian equity markets will retain their traditional volatility.

Pharmaceuticals

The rise in Glaxo's share price since Monday is truly astonishing. The stock is up 7 per cent and its market capitalisation by £1.8bn. The rationale is supposed to be the impact of a provision in Gatt that could extend by 19 months the patent life of Zantac, Glaxo's biggest drug, in the US, its biggest market.

The market's euphoria is premature. The Gatt provision allows generic equivalents to be sold during the period if the manufacturers make substantial investments before June 8 next year and if they pay the original manufacturer a licence fee. In any case, the shares' increase is out of proportion to any potential additional revenue, estimated at between £500m and £900m. The accompanying, though smaller, rise in other drugs stocks is equally bizarre. Wellcome and SmithKline Beecham are not affected by Gatt, and Zeneca only marginally. Bristol-Myers Squibb, up 3 per cent, may benefit from a limited extension to its largest product's patents. But for most other companies, the benefits, if any, will not be until the next century, well beyond the market's normal time horizon.

UK property

Deals by Citibank and Land Securities, and now institutional interest in a Kuwait Investment Organisation portfolio, have shattered the silence of an inactive property market. They have also given some impetus to a recovery in what has been the worst performing sector in the stock market this year. Nevertheless, investors should not brace themselves for a rerun of 1993, when the property sector climbed 80 per cent. Recent sales have reflected an acceptance of lower prices, rather than an improving market. And there is still no sign of the supposed £10bn that property agents claimed was waiting to pour into UK property earlier this year.

However, there are positive signs. Rental growth of 4 per cent should be achievable next year, and this will feed through into property prices. The situation should also be helped by a return, albeit subdued, of the property developer. This removes further supply from the market in the short term. In the face of gradually rising property values, the sector's 20 per cent discount to asset value should therefore start to dissipate. This does not translate into a bull market: portfolio management will be the key to increasing asset values in a low-inflation environment. Performance within the sector will therefore be disparate, but at least the trend should start to turn positive.

FT WEATHER GUIDE

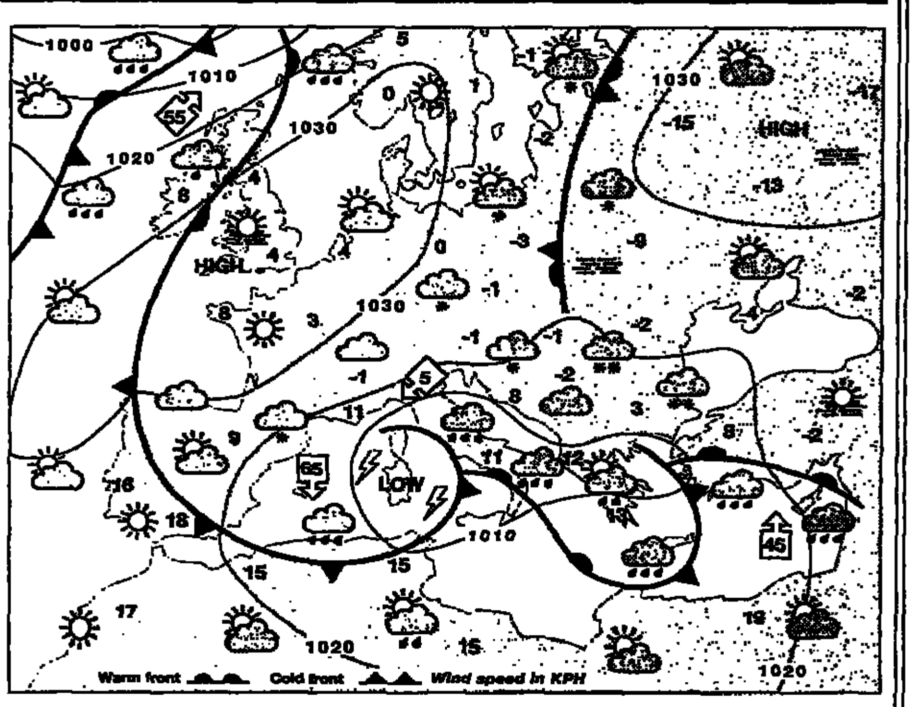
Europe today

From the British Isles to Russia conditions will be tranquil as a result of a zone of high pressure.

Fog mixed with high cloud and very occasional sunshine will persist in the North Sea region, but it will be dry. Snow showers may form south of the Baltic Sea as very cold air and widespread snow remains over Russia. Conditions in the southern Mediterranean will be very unsettled, with rain spreading to Italy, the former Yugoslavia, and Greece. Rain will become snow in the higher Balkans. Snow will also fall in the north-western Pyrenees, the northern Balkans, and the eastern Alps. Scandinavia will be mainly dry with sunshine in the east and strong winds and rain along Norway's coastline. France will have cold north-easterly winds with sunshine.

Five-day forecast

Surges of warmer air will raise temperatures, increase cloud and bring light rain over the northern UK and Scandinavia. Central Europe will remain cold and dry with persistent fog and night-time frost. Conditions in the southern Mediterranean will remain unsettled until the Christmas holiday.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius		
Abu Dhabi	fair	25
Accra	fair	32
Algiers	shower	14
Amsterdam	fog	6
Athens	shower	14
Atlanta	shower	10
B. Aires	fair	29
B.ham	fog	1
Bangkok	fair	33
Barcelona	fair	11
Beijing	sun	5
Belfast	cloudy	7
Belgrade	snow	-1
Berlin	fair	-1
Bermuda	thund	21
Bogota	cloudy	19
Bombay	sun	32
Brussels	fair	4
Budapest	cloudy	1
C.hagen	fog	1
Cairo	sun	20
Cape Town	fair	24
Caracas	fair	30
Cardiff	fair	1
Casablanca	sun	16
Chicago	cloudy	6
Cologne	fair	2
Dakar	cloudy	27
Dallas	cloudy	13
Delhi	sun	23
Dubai	fair	25
Dublin	cloudy	9
Dubrovnik	cloudy	11
Edinburgh	cloudy	5
Faro	fair	18
Frankfurt	fog	0
Geneva	cloudy	1
Gibraltar	fair	18
Glasgow	cloudy	5
Hamburg	fair	1
Helsinki	fair	0
Hong Kong	cloudy	21
Honolulu	fair	28
Istanbul	rain	12
Jakarta	thund	30
Jersey	cloudy	7
Karachi	fair	29
Kuwait	sun	16
L. Angeles	sun	18
Las Palmas	shower	22
Lima	cloudy	24
Lisbon	cloudy	16
London	fair	3
Lux.bourg	cloudy	-1
Lyon	fair	1
Madeira	cloudy	19
Madrid	cloudy	12
Majorca	shower	11
Malta	rain	16
Manchester	fog	3
Manila	fair	30
Melbourne	shower	21
Mexico City	fair	21
Miami	shower	25
Milan	cloudy	4
Montreal	fair	8
Moscow	snow	-11
Munich	snow	-2
Nairobi	fair	26
Naples	rain	11
Nassau	cloudy	29
New York	sun	13
Nice	shower	10
Nicosia	fair	15
Oslo	fair	-4
Paris	fair	5
Perth	fair	32
Prague	snow	-1
Rangoon	fair	33
Reykjavik	rain	4
Rio	fair	28
Rome	rain	11
S. Frsco	fair	13
Seoul	fair	7
Singapore	shower	31
Stockholm	fair	-1
Strasbourg	fog	1
Sydney	shower	26
Tangier	fair	16
Tel Aviv	fair	18
Tokyo	fair	11
Toronto	sun	11
Vancouver	rain	7
Venice	rain	6
Vienna	snow	1
Warsaw	cloudy	-3
Washington	fair	12
Wellington	rain	16
Winnipeg	cloudy	4
Zurich	cloudy	-1

هكذا من الاصل

FINANCIAL TIMES
COMPANIES & MARKETS
©THE FINANCIAL TIMES LIMITED 1994
Thursday December 22 1994

IN BRIEF

Peso devaluation starts market falls

Mexican stocks went into freefall as investors were taken by surprise by a 255 basis point rise in interest rates to 16 per cent. The move follows Tuesday's 15 per cent devaluation of the peso. The Mexican IPC index plunged 11 per cent. Shares in São Paulo fell 5.2 per cent in reaction to the news from Mexico. In Buenos Aires, the Merval index was down 7.3 per cent on worries about Tuesday's devaluation. Backpage

Thyssen and Deutsche Bahn join forces
Deutsche Bahn, Germany's state-owned railways, and Thyssen Handelsunion, the trading house of the Thyssen steel group, have joined forces to form a railway cargo transport company with the aim of sharply reducing road traffic, cutting costs and speeding up delivery services. Page 16

TWA plans revised restructuring scheme
Trans World Airlines, the US airline trying to avert a cash crisis, said it had a new plan for financial restructuring. Page 17

US firm acquires control of Borden
Kohlberg Kravis Roberts, the US investment firm, won control of foods group Borden, following a controversial $2bn buy-out offer. Page 17

Novo Nordisk changes strategy
Novo Nordisk, the Danish healthcare products and industrial enzymes producer, announced changes in its business strategy, saying that it would focus its efforts on fewer business areas. Page 16

Czech media group raises Kc280m
Bonton, an acquisitive Czech media and entertainment group, has raised Kc280m ($9.5m) in the first large private equity placing by a Czech company with foreign institutional investors. Page 16

Neste prepares Finland's largest sell-off
Preparations for what is potentially Finland's largest privatisation have taken a step forward with a proposal by Neste, the oil and petrochemicals group, to issue up to 18m new shares, or 20 per cent in the company, during 1995. Page 16

AT&T close to $50m on-line deal
AT&T is reported to be close to agreeing to pay about $50m for the on-line computer service being developed by Ziff Communications. Page 17

GenCorp in talks on unit sale
GenCorp, a diversified US manufacturing group, said it was in talks over the sale of its aerospace and defence operations. Page 17

Hickson to suffer after Unilever move
Hickson International, the UK specialty chemical company, said it would suffer a profit shortfall, following the decision of Unilever to halt purchases of the controversial manganese catalyst in Persil Power. Page 20

QMH chief issues warning
Mr Stanley Metcalfe, chairman of Queens Moat Houses, the UK hotels group, warned shareholders that the company could collapse if they refused the £1.3bn ($2bn) debt restructuring plan. Page 20

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Douglas	438	+	7
GEHE	539	+	9
Holzmann	655	+	11
Falls			
Asko	785	–	21
Lahmeyer	580	–	10
Wella	928	–	12

NEW YORK ($)			
Rises			
Dell	39⅝	+	1
Intel	62¼	+	1⅛
Mead	49¼	+	1⅝
Tenneco	43¾	+	1
United Tech	62¼	+	1
Falls			
Cigna	61⅞	–	4⅞

New York prices at 12.30.

PARIS (FFr)			
Rises			
Cred Lyon	450	+	11.8
Danone	783	+	16
Peugeot	729	+	10
SLIC	700	+	20
Falls			
Immobanque	800	–	25
LVMH	862	–	7

TOKYO (Yen)			
Falls			
Hitachi	980	–	9
JEOL	703	–	27
Nikon	830	–	14
Sony	5530	–	20
Tanabe Seiyaku	789	–	31
Taisho Pharm	1810	–	40

LONDON (Pence)			
Rises			
Betterware	50	+	3
Bluebird Toys	233	+	16
British Land	378	+	18
Fisdech	414	+	15
GBE Intl	19	+	4
Glaxo	685	+	22½
Hammerson	343	+	16
Huntingdon Int	38	+	4
McAlpine (A)	171	+	8
Metal Bulletin	525	+	15
Stanhope	7	+	2
Telegraph	390	+	33
Falls			
Andrews Sykes	137	–	21
Brit Thornton	31	–	9
Caradon	255	–	7
Central Transport	32	–	3
Copymore	110	–	70
Hickson Intl	114	–	12
Ivory & Sime	223½	–	10½
Royal Ins	279	–	9
Sun Alliance	300	–	13
Victoria Carpet	130	–	10

Motoroil Hellas holding would be Saudi oil company's first investment in Europe

Aramco eyes Greek refinery stake

By Kerin Hope in Athens and Robert Corzine in London

Greece's Vardinoyannis group is *negotiating the sale of up to 50* per cent of Motoroil Hellas, its oil refining company, to Aramco, the Saudi Arabian state oil company. If the deal goes through, it would be the largest foreign investment in Greece for several decades.

It would also be Aramco's first investment in Europe, although private Saudi interests earlier this year took over Sweden's OK Petroleum group, the Nordic region's largest refiner.

Motoroil, owned by two Panama-registered companies which belong to members of the Vardinoyannis family, controls Greece's largest private refinery with capacity of 4.5m tonnes annually. The refinery near Corinth in southern Greece supplies a chain of 600 petrol stations controlled by the Vardinoyannis group and exports oil products through a separate trading company. Analysts in Athens said the refinery, which was modernised five years ago, is valued at more than $400m.

Aramco has long been seeking a European refining and marketing outlet. Such a development would be in line with a trend among many state oil companies to develop downstream networks in their main crude oil markets.

Kuwait Petroleum Corporation, for example, has built a European refining and marketing network under the Q8 brand.

Aramco is a partner in the Star downstream joint venture with Texaco in the US. It also recently acquired a 40 per cent stake in Petron Corporation, the leading oil company in the Philippines.

Previous Aramco overtures to European refiners have generally foundered over failure to agree a price. Aramco's European ambitions have, however, been pared back recently. This is because of the maturity of the European market, a shortage of investment funds due to relatively low crude oil prices and a shift in strategic emphasis to Asia, the world's fastest-growing oil market.

Analysts say $400m would be a good price for the refinery. In addition the Greek location would give the Saudis a relatively close European base. It would also be well positioned to supply new markets in eastern Europe.

Motoroil posted profits last year of Dr6bn ($25m) on turnover of Dr189.2bn. The Vardinoyannis group operates one of Greece's largest tanker fleets, but has diversified into banking and services since 1990.

The group has also expanded into eastern Europe and the former Soviet Union. It is investing heavily in fleet renewal with a $270m order for nine tankers under way at a Ukraine shipyard and has taken options on building another 13 vessels.

Vardinoyannis has also acquired a lubricant plant in Ukraine. In Bulgaria it operates hotels, a chain of petrol stations and several retail businesses.

Warburg to advise UK on rail sale

By John Gapper and Nicholas Denton in London

S.G. Warburg has beaten other investment banks including Morgan Stanley, the bank with which it planned to merge until last week, in the competition to advise the UK government on the privatisation of Railtrack.

The government is to announce shortly that it has appointed Warburg as adviser and global co-ordinator of the share sale. The sale is expected to value Railtrack, which runs British Rail's track, signalling and stations, at up to £5bn ($7.5bn).

The government is expected to sell between 51 per cent and 100 per cent of Railtrack in a public offering in spring 1996. The company's assets include 10,200 miles of railway track, 2,500 stations, and 9,000 bridges and viaducts.

Bankers said the task of privatising Railtrack was extremely complex because of the age and nature of its assets.

Warburg beat a joint bid by Morgan Stanley and Barclays de Zoete Wedd, the investment banking arm of Barclays, and bids from Kleinwort Benson, and groups led by Schroders and Samuel Montagu. The banks on the shortlist made presentations on Friday. Samuel Montagu has given strategic advice to the government on Railtrack until now. The firm said it would continue to provide some high-level strategic advice on the government's rail privatisation programme.

The BZW-Morgan Stanley alliance is part of a trend toward joint bids for important privatisation mandates. BZW and Kleinwort Benson joined forces to gain the role of adviser on privatisation of the power generating companies. The Department of Transport nor Warburg would not confirm the appointment yesterday, but banks involved in the bidding said they had been told that Warburg had won.

The appointment will give Warburg, which was adviser and global co-ordinator on the last two British Telecom share sales, a boost amid speculation that the merger talks collapse has distracted it and helped rivals to win business.

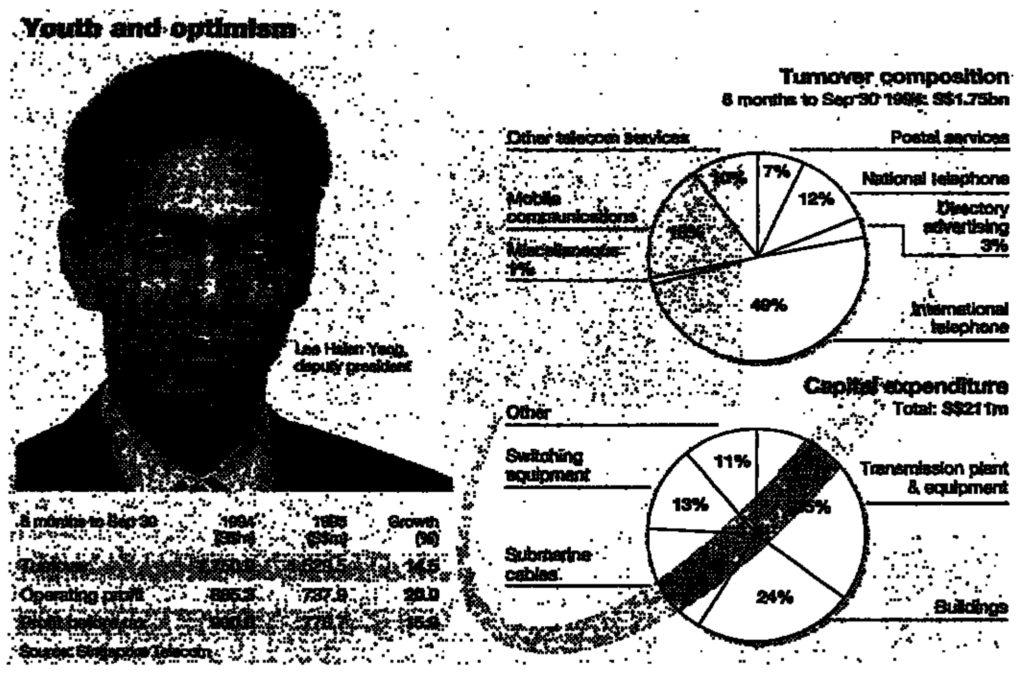
Executives are thought to be particularly pleased that they beat a combined approach from BZW and Morgan Stanley, because it means the government has accepted the view that Warburg has sufficient distribution strength in the US.

US firms have competed strongly for European privatisation mandates because of US distribution strength. But a smaller slice of Railtrack equity is expected to be sold in the US than the 20 per cent of the third BT sale.

Morgan Stanley has won, or been only narrowly beaten in several privatisation "beauty contests" between banks since appointing Mr Francis Maude, a former financial secretary in the government, to head its privatisation unit.

Kieran Cooke reports on evaporated euphoria a year after float

Singapore Telecom tests all lines of expansion



Has Singapore Telecom (ST), south-east Asia's biggest listed company, bitten off more than it can chew?

When ST was partially privatised last year even the most sceptical brokers and analysts were impressed. The float of 11 per cent of ST (the other 89 per cent is held by the government) gave the island republic's telecommunications and postal group a market capitalisation of more than S$55bn ($37bn).

ST, servicing a country with a population of only 2.8m, was propelled into the top 30 of the world's largest companies, on par with British Telecom and above giants such as Ford and Unilever.

Now the euphoria surrounding ST has disappeared. ST shares, which peaked at S$5 soon after its October 1993 flotation, have dropped back to around S$2.80. Some blame the fall on a general dip in the market: ST accounts for about 50 per cent of Singapore's total market capitalisation. But interim results announced last month showing a 16 per cent rise in pre-tax profits to S$900m produced little reaction. "The results were a non-event," said one analyst. "ST is still trading at a price earnings ratio of more than 30. People who bought high should be worried. If they are going to get their money back it will be a very long-term affair."

The problem for ST is to live up to the high expectations evident during last year's flotation.

ST's deputy president is Mr Lee Hsien Yang. The youngest son of Mr Lee Kuan Yew, Singapore's senior minister, Mr Lee, who is in his 30s, joined ST this year. He points out that so far ST has achieved profit forecasts set at the time it was floated. "We said then that we would achieve 12 per cent profit growth," he says. "Last year it was 15 per cent and we can continue to perform well. The share price has underperformed. We are confident things will change."

Analysts say ST is a well-run, highly efficient company. It earns revenues per line of $1,750, compared with Hong Kong Telecom's $1,000 per line or Telekom Malaysia's $640 per line. But with limited room for expansion in its home market there is concern about where future long-term growth will come from. ST has a monopoly on national and international communications until 2007 and on mobile services, including paging, until 1997.

"Singapore should not be compared with countries like France or Britain but rather with other cities – like New York or Tokyo," says Mr Lee. "We still have some way to go to catch up with line penetration in those cities."

Singapore's telecoms network is among the world's most advanced. By 1997 the whole island will have access to a fibre optic network. Mr Lee says that the potential for add-on services, including multimedia, is considerable. In the last six-month period ST's add-on services grew more than 20 per cent.

Mobile services are a strong growth area – up 40 per cent in the last six months. Seven per cent of Singaporeans now have mobile phones, one of the highest rates in Asia, and 27 per cent have pagers – the highest rate in the world. "Despite the figures and the fact that we lose our mobile monopoly in three years' time we still see room for growth in the mobile sector," says Mr Lee. "No one really knows just how big the mobile market can be."

ST knows that in the long-term it cannot rely on its domestic operations for growth. It has been taking its first tentative steps outside Singapore with S$600m worth of investments in 10 countries.

ST is still a small player in a competitive international telecoms league: profits from such operations as mobile services in Norway and a S$200m investment in cable and telephony links in the UK will take time before they have an impact on earnings. ST is seeking to sell its expertise in fast expanding regional markets. But the regulatory environment in many Asian countries is still unattractive to outside operators.

Just under 50 per cent of ST's total revenues come from IDD calls. ST has benefited from Singapore's buoyant economy which is likely to grow by more than 10 per cent this year. In the latest six-month period international traffic grew 12 per cent, but the company is under constant pressure to revise its rates in line with the big operators in other countries, particularly in the US.

ST's revenues are also being affected by the increasing use in Singapore of US-based callback services which allow users to direct overseas calls through the US to take advantage of lower rates.

ST recently made IDD rate cuts, making some calls up to 48 per cent cheaper. Analysts say ST will have trouble recouping a consequent drop in annual revenues of more than S$200m. Mr Lee disagrees: "We still expect the healthy growth in international traffic to continue. As for the callback operators, people are beginning to realise that they cannot offer the service of companies like ours and there are hidden costs involved."

But despite Mr Lee's optimism, the jury is still out on ST's long-term prospects. Some brokers say ST has become the victim of the government's aggressive share pricing strategy at the time of flotation.

Fifty per cent of the offer was offered at S$2 or under to Singaporeans who could buy shares for their provident funds. The rest was offered to locals and foreigners at S$3.60.

"The government hyped up the flotation to unrealistic levels," says one analyst.

"It reaped millions from the exercise. But ST is left holding the baby. There was talk of another tranche of shares being offered. But that looks doubtful in the near future.

"Most Singaporeans are holding on to their shares because they have been promised share bonuses. Those are going to affect the pricing still further. ST has to pull something fairly dramatic out of the hat to improve its market performance."

Finland's Neste steps closer to listing

By Hugh Carnegy in Stockholm

Preparations for what is potentially Finland's largest privatisation have taken a step forward with a proposal by Neste, the oil and petrochemicals group, to issue up to 18m new shares, or 20 per cent in the company, during 1995.

The government, which owns 97 per cent of Neste, is expected to approve the proposal at a special shareholders' meeting next Thursday and clear the way for Finland's biggest industrial group, by sales, to seek a listing on the Helsinki Stock Exchange.

Neste wants authorisation to issue for subscription a maximum of 18m new shares with a nominal value of FM10 per share. Some estimates have valued Neste, which had sales of FM33bn ($6.8bn) in the first eight months of the year, at FM10bn, implying that the sale of a 20 per cent stake would raise more than any single Finnish privatisation issue.

The company and the government are adopting a cautious approach, refusing to set a timetable or speculate on the price and other conditions of the planned issue. A recent cooling of the Helsinki stock market and the withdrawal of a FM1.5bn share issue by Kymmene, the forestry group, this month has raised concerns about the ability of the market to digest further big Finnish issues.

A slowly accelerating privatisation programme by the centre-right government has raised FM7.4bn in the past 12 months through the sale of stakes in five companies – Outokumpu, the mining group; Rautaruukki, the steel producer; Valmet, the paper machine maker; Veitsiluoto, the pulp and paper manufacturer; and Kemira, the chemicals group. The latest issue is a FM500m offer of 12m new shares in Finnair, the national airline, announced this month.

Neste has been seen for some time as the most likely next candidate. The government has parliamentary approval to reduce its stake to a minimum of 50.1 per cent, in line with the step-by-step approach to privatisation adopted by Helsinki under which the state usually retains a majority or large minority holding.

Neste has been restructured to sharpen its focus on energy. It has returned to the black this year, swinging to a pre-tax profit of FM879m in the first eight months from a loss of FM1.3bn in the same period of 1993.

Rolls-Royce head quits on BMW link

By John Griffiths in London

Mr Peter Ward is to quit as chief executive of Rolls-Royce Motor Cars, which has just signed a collaboration agreement with BMW of Germany.

The move, at the end of next week, is believed to reflect a divergence of views with the parent Vickers board on how best to take the luxury cars business into the 21st century.

Mr Ward, who is 48 and president of the Society of Motor Manufacturers and Traders, will also cease to be Vickers' managing director, operations. However, he will remain an executive director of Vickers and will stay on as Rolls-Royce chairman for at least six months.

After that, "Mr Ward has decided that his career objectives can best be satisfied outside Vickers", said Vickers. Mr Ward was said to be "unavailable" last night.

Yesterday's announcement came just 48 hours after a deal between Rolls-Royce and BMW, under which the German carmaker will supply engines and other technology to Rolls-Royce, based in the Crewe, Cheshire.

BMW, which owns Rover Group – the supplier of Rolls-Royce car bodies – won the partnership deal after months of negotiations in which its German rival, Mercedes-Benz, began as the favourite to become the UK company's partner. Mr Ward is understood to have preferred the Mercedes option.

His departure is likely to be greeted with concern by Rolls-Royce's 2,500 workforce, as he has been a popular figure despite driving through changes in working practices and other reforms.

Mr Chris Woodwark, chief executive of Vickers' Cosworth Engineering subsidiary, is to succeed Mr Ward as Rolls-Royce chief executive.

Thyssen unit and Deutsche Bahn form railway group

By Judy Dempsey in Berlin

Deutsche Bahn, Germany's state-owned railways, and Thyssen Handelsunion, the trading house of the Thyssen steel group, yesterday joined forces to form a railway cargo transport company with the aim of sharply reducing road traffic, cutting costs and speeding up delivery services.

The new company, BahnTrans, will be equally owned by Deutsche Bahn and Thyssen Handelsunion, with the former providing rolling stock and the latter logistical support.

Mr Heinz Dürr, chairman of Deutsche Bahn, said he expected the new company to carry about 4.75m tonnes of freight a year and have turnover of about DM2bn ($1.3bn).

BahnTrans, which will be based in Berlin, will start operations early in 1995.

It will operate throughout Europe.

Mr Dürr said he expected BahnTrans eventually to take over 70 per cent of the cargo currently delivered by road in Germany, adding that the country's congested motorways and roads could have 315,000 fewer lorries on them.

Thyssen Handelsunion said that at full capacity, BahnTrans would employ more than 3,000 people.

The majority of the staff would be taken from Deutsche Bahn, which is restructuring following its takeover of the east German railways, and from Thyssen Haniel Logistic, the logistics subsidiary of Thyssen Handelsunion.

The announcement comes amid increasing criticism from industry, the retailing sector and environmental groups of increased traffic congestion in Germany – particularly in the five eastern states, where roads are being modernised, causing even longer delays.

"The point is that this new company will cut down costs, save time and have a positive affect on the environment," Thyssen Handelsunion said.

Seita sees 28% rise in net profit for 1994

By David Buchan in Paris

Seita, the French state-owned tobacco group, yesterday forecast that net profit for 1994 would rise 28 per cent to FFr670m ($123.6m) from FFr585m last year.

The decision to give such a definitive profit prediction appears to pave the way for the privatisation of the group early next year.

On Monday, the National Assembly passed legislation removing the civil service status of the group's 6,200 French employees. They will be offered 5 per cent of the shares on preferential terms, with a further 2.5 per cent going to the country's 36,000 tobacconists.

The state is to keep a 10 per cent stake and sell around 85 per cent to a core of institutional investors, from which rival foreign tobacco manufacturers will be excluded. The remainder will be sold on the open market.

Seita said yesterday it had nearly doubled its operating profits to an estimated FFr1.03bn this year from FFr538m in 1993, but its profit from financial operations was considerably down this year because of positions the group took on the dollar and because of investments in bonds.

In a pre-privatisation exercise to clean the slate, the company said that it was making provisions to cover financial losses of FFr380m for the first nine months of this year, and added that it was putting in place a better reporting system to keep track of financial investments.

With an improvement in the last quarter of the year, Seita said it expected to finish this year with its financial operation showing a FFr50m profit.

Seita has a unique financial advantage in that it has up to 50 days before it has to hand over to the French state the tax it collects on cigarettes sold in France.

Seita has a 45 per cent share of the French cigarette market, and distributes the products of its commercial rivals to tobacconists.

Montague resigns as Tiphook chief

By Christopher Price in London

Mr Robert Montague finally conceded defeat yesterday in his attempt to stave off bankruptcy, resigning as chief executive of Tiphook, the UK trailer rental company he founded 16 years ago.

The £2.5m ($3.9m) bankruptcy writ being brought by the Royal Bank of Scotland will not be opposed by Mr Montague's solicitors when it is heard this morning at Oxford county court. Mr Montague had been trying to reach an agreement with his creditors – to whom he is said to owe more than £35m – following the bank's writ in September.

However, negotiations broke down, prompting Barclays Bank last week to issue its own writ on the estimated £9m it is owed.

Barclays is also thought to have appointed its own receivers, to look after the affairs of Mr Montague's Oxfordshire estate.

His bankruptcy would have disqualified him from sitting on the board of Tiphook, which earlier this year almost collapsed under the weight of its debts.

Last week it renamed itself Central Transport Rental Group as part of its reconstruction.

Mr Montague will receive no compensation from CTR. His 4.5m share options will be cancelled. Only 2m of these could have been exercised.

However, he will receive a previously agreed payment of £250,000, due to be paid in September 1995, as part of the sale of Tiphook's container operations in January to Transamerica.

Mr Montague said: "All of my working life has been devoted to this company and it will be a terrible blow to leave it. Fellow shareholders will know that I was determined to stay on through the bad times and help to restore the company's fortunes."

The flamboyant Mr Montague – famous for his extravagant braces and suave appearance – was one of the most successful businessmen of the 1980s. His success in building Tiphook from scratch into the second largest container group in the world earned him a CBE in 1990 and a large following among institutional investors.

However, he borrowed heavily against his share holding in Tiphook to take up his rights in a number of the company's issues in the late 1980s.

When the Tiphook share price collapsed, Mr Montague was left with his own huge debts. His lavish lifestyle, including a £7m yacht and an £8m estate in Oxfordshire, added to the problems. He was also criticised for the large salaries commanded by some Tiphook directors.

Mr Ian Chubb, the chairman, will take over Mr Montague's responsibilities.

Novo Nordisk changes strategy

By Hilary Barnes in Copenhagen

Novo Nordisk, the Danish healthcare products and industrial enzymes producer, yesterday announced changes in its business strategy, saying that it would focus its efforts on fewer business areas and seek partnerships to develop business areas which are not its core businesses.

"We must position ourselves in a few selected areas where we know we can stay ahead," said Mr Mads Ovlisen, the group's chief executive. He said the group faced large investments in plant over the next few years and was seeking to build capacity as efficiently as possible.

The changes were announced after a disappointing year for Novo Nordisk, which reported a fall in profits after nine months to DKr934m ($151m) compared with DKr1bn in the same period in 1993.

The group's main healthcare production is in insulin and other diabetic care products, of which it is one of the world's two leading suppliers together with Eli Lily of the US. Its other main division is industrial enzymes. Both these areas will remain core business areas.

"After months of analysis we have concluded that there will be continued growth in diabetics care and we want to remain strong in this area," said Mr Ovlisen.

Hormone replacement therapy (female health products) and human growth hormone will remain core business areas, but blood products and central nervous system therapy products will be downgraded.

The groups said the health care division's research and development was being centralised as a separate division in order to improve utilisation of resources.

UK electricity regulator in takeover row

By Michael Smith and Chris Tighe in London

Professor Stephen Littlechild, electricity industry regulator, was yesterday embroiled in political controversy after the disclosure that Trafalgar House's idea to offer a rebate to Northern Electric customers originated at a meeting with him. Mr Jack Cunningham, Labour's trade spokesman, questioned whether Prof Littlechild had behaved with "proper conduct".

In a letter to Mr Michael Heseltine, trade and industry secretary, he asked: "Under which of his responsibilities does he advise companies engaged in hostile takeovers of regional electricity companies?"

Trafalgar has launched a £1.2bn ($1.87bn) hostile bid for Northern.

Swiss Bank Corporation, advising Trafalgar, said yesterday that Prof Littlechild had asked at the meeting a month ago what benefits there would be for the consumer of a potential bid.

"We formed the view that it would be easier for [Prof Littlechild] to consider a [regional electricity company] bid that contained in its terms a tangible benefit for the consumer, over and above the tariff reduction that was published in August."

Following the meeting, Trafalgar decided on a rebate of £20 per customer, costing £26m, if the bid was successful. "The choice of a special rebate and the determination of a sum of £20 was not discussed with [Prof Littlechild] at any stage prior to the bid being announced."

Prof Littlechild's office had no specific comment yesterday. In a letter to Mr Derek Foster, opposition chief whip, he confirmed the meeting took place on November 25 and that he had asked the company how customers would benefit if the acquisition went ahead. "The particular proposal which Trafalgar House have since made was not discussed."

Mr Cunningham said if the regulator thought there was potential for rebates "why is he letting Northern charge customers more than seems necessary?" Mr Cunningham asked Mr Heseltine for his views on "a number of disturbing aspects" to the bid.

Mr Cunningham said it was important that Mr Heseltine "urgently clarify" his view of these matters. The Department of Trade and Industry said it was considering the letter.

Czech media group raises Kcs280m

By Vincent Boland in Prague

Bonton, an acquisitive Czech media and entertainment group, has raised Kcs280m ($9.5m) in the first large private equity placing by a Czech company with foreign institutional investors

The transaction is seen as a pacesetter for other Czech companies seeking to expand in the fast-growing but undercapitalised sectors of post-communist central Europe's most stable economy.

CS First Boston's Central European Growth Fund and funds managed by, among others, Baring Investment Management and the US-based Emerging Markets Corporation, took stakes in Bonton in the placing, which represented just under 30 per cent of the company's share capital.

Bonton plans to use the proceeds from the placing, arranged by CS First Boston, to make new acquisitions, develop its retail network, and reduce debt. It said it would seek a public listing for its shares within two years.

The investors acquired mainly new shares in Bonton, which has interests from music and film production to commercial radio stations and record stores.

Bonton was founded in 1990 by Mr Martin Kratochvíl, a high-profile Czech businessman and jazz musician who is the group's chairman.

The company expects 1994 revenues of more than Kcs700m and profits of Kcs7m, and says it aims to increase profits 10-fold by 1996.

Mr Kratochvíl and Mr Michael Kocáb, co-founder, are Bonton's biggest shareholders, each with a 17 per cent stake.

Swedbank takes 7.5% stake in Finnish bank

By Hugh Carnegy

Swedbank, the Nordic region's biggest bank by asset value, yesterday made its first move to take a stake in a foreign bank, buying a 7.5 per cent stake in Finland's Aktia Bank for SKr47m ($6.25m).

The Swedish bank is to take up 1.5m of 2.5m new shares being issued at a price of FM20 a share by Aktia, a small bank with assets of FM8.6bn. Aktia intends to apply for a listing on the Helsinki stock exchange next year.

Aktia's main market is in Finland's small Swedish-speaking minority.

Swedbank, with assets of almost SKr490bn, has become a force in Sweden. It emerged in its present form when a group of Swedish savings banks were thrown together in 1992 following the loan loss crisis which hit Sweden's banks.

It has become profitable this year and plans a listing on the Stockholm stock exchange in 1995.

However, the bank said its Aktia acquisition did not signal any strategic diversification overseas.

Japan set to ease rules for yen bond offerings

By Emiko Terazono in Tokyo

Japan's ministry of finance is considering abolishing its restriction on yen-denominated bonds issued overseas by foreign companies.

To protect the country's corporate bond market, the ministry has tried to keep euroyen bonds offshore by prohibiting yen bonds issued overseas from entering the country for the first 90 days of issuance.

The ministry's move would follow the easing earlier this year, amid calls for financial deregulation, of the "lock-up" period for bonds issued by sovereign borrowers. This prompted a total Y5,500bn in sovereign debt to be issued this year, 2.5 times the previous year's figure.

The ministry said the move could come in April, but expected restrictions on euroyen debt issued by domestic borrowers to remain for the time being.

The move will provide investment opportunities for Japan's institutional investors which want exposure in overseas companies but are loath to take foreign currency risk.

LEGAL NOTICES

No. 007204 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
BISCAY INVESTMENTS PLC
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 12th day of December, 1994 presented to Her Majesty's High Court of Justice for confirmation of the reduction of the capital of the above named Company from £1,050,000 to £570,216.48 and the reduction of the amount standing to the credit of the above-named Company's Share Premium Account from £75,800 to £2,682.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on the 11th day of January, 1995.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and reduction of the amount standing to the credit of the Company's share premium account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated this 22nd day of December 1994.

HUNTLY HOOPER
60 Marylebone High Street
London
W1M 3AF

Solicitors to the above named Company

007177 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
UNION SQUARE PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 7 December 1994 confirming:

1. the reduction of the share capital of the above-named company from £15,325,000 to £5,000,000; and
2. the reduction of the share premium account of the said company by £13,362,000

was registered by the Registrar of Companies on 9 December 1994.

DATED this 21 day of December 1994.

Berwin Leighton
Adelaide House, London Bridge,
London EC4R 9HA
Ref: IL/U50/22
Solicitors of the said Company

No. 007254 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF GILLDALE LIMITED

AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 7 December 1994 confirming the reduction of the share premium account of the above-named Company by £1,149,000 was registered by the Registrar of Companies on 9 December 1994

DATED this 21 day of December 1994.

Berwin Leighton
Adelaide House
London Bridge
London EC4R 9HA
Ref: IL/L63/1984
Solicitors for the above-named Company

هكذا من الاصل

TWA announces revised restructuring scheme

By Richard Tomkins in New York

Trans World Airlines, the US airline trying to avert a cash crisis, yesterday said it had a new plan for a financial restructuring which it believed would prove acceptable to its creditors.

TWA also said it had $107m in cash at the end of November. This was slightly down from the $114m it had at the end of September, but the airline said the figure was rising again.

TWA, once one of the world's best-known airlines, went into Chapter 11 bankruptcy protection in 1992.

It re-emerged in November last year, with creditors holding 55 per cent of the equity and employees holding 45 per cent. It has not made a profit since.

Last October the airline announced a rescue plan under which it would nearly halve its debt by asking creditors to swap $800m worth of loans for equity.

As a result, the creditors' stake would rise to possibly 70 per cent and the employees' stake would fall to about 30 per cent.

Some creditors opposed the plan because they wanted a better deal.

TWA has now come up with a revised proposal under which creditors will trade less debt for the same amount of equity.

Mr Jeffrey Erickson, chief executive, said that although further negotiations could not be ruled out, he was optimistic that the plan would be voted through.

GenCorp in talks on unit sale

By Richard Waters

GenCorp, a diversified US manufacturing group, said it was in talks over the sale of its aerospace and defence operations, which last year accounted for nearly half its revenues.

The company, formerly known as General Tire and Rubber, said it had decided that its "first priority" was to divest the unit, after a strategic review launched earlier this year.

The plan is the latest in a string of divestments by the company which would see it reduced to two businesses: manufacturing polymer products and automotive parts.

GenCorp sold its tyre business in the late 1980s to Continental, the German tyremaker, as part of a $1.6bn share buy-back and restructuring plan to ward off a hostile takeover. It shed broadcasting and bottling operations at the same time.

The defence and aerospace business, Aerojet, made operating profits of $53m on sales of $872m last year, out of total group operating profits of $121m on sales of $1.9bn. The unit makes propulsion, electronic and ordnance systems.

Faced with cuts in US defence spending, GenCorp has been reducing Aerojet in recent years, resulting in a cut in its revenues of 14 per cent last year.

A sale of the unit would leave GenCorp with operations in polymer products, which had sales of $514m last year, and automotive parts, with sales of $519m.

Mr John Yasinksy, who was recently appointed president and chief executive, said discussions had been under way with a number of potential buyers.

"These discussions will allow us to determine whether divestiture or retention of some or all of Aerojet as part of our portfolio creates the greatest value for our shareholders," Mr Yasinksy said.

AT&T close to $50m on-line deal

By Patrick Harverson in New York

AT&T is reported to be close to agreeing to pay about $50m for the on-line computer service being developed by Ziff Communications.

Although neither AT&T nor Ziff would comment on the reports, sources close to the negotiations said the deal could be completed before the end of the year.

If the transaction went ahead, it would provide AT&T with an important entry into the rapidly expanding market for on-line computer services.

AT&T, with its large customer base from its core telephone business, hopes to play a central role in the development of interactive telecommunications in the US.

Although Ziff's Interchange Online Network is not expected to be ready until next year, the service will enable users to exploit the latest multimedia computer technology – a significant advantage over the older on-line services provided by established companies such as CompuServe, Prodigy and America Online.

However, AT&T will face intense competition in the on-line computer services business. In addition to the well-established services, it will soon face competition from software group Microsoft, which in November announced plans to launch its own on-line service.

Microsoft said it would spend heavily on developing a service that would provide a wide range of on-line information, products and services to users through partnerships with telephone companies, publishers and entertainment groups. This is believed to have forced Ziff into accepting a lower price for its on-line service.

The deal would complete the dismantling of the publishing empire built up by the Ziff family.

To date, the Ziffs have raised more than $2bn from the sale of their magazine, information-access and trade show operating businesses.

KKR wins Borden with $2bn buy-out

By Richard Waters in New York

Kohlberg Kravis Roberts, the US investment firm, yesterday won control of foods group Borden, following a controversial $2bn buy-out offer.

KKR said it had acquired 63.5 per cent of Borden's shares through an exchange offer in which it was offering part of its stake in RJR Nabisco, the food and tobacco giant. It had needed 40 per cent to gain control.

The offer, launched in September, had come under fire from some Borden shareholders, who claimed the company was being sold too cheaply.

It also attracted a rival restructuring proposal from another investor, Mr Paul Kazarian, although this did not result in any firm offer.

Together with additional Borden shares acquired by exercising an option, KKR and an investment affiliate, Whitehall Associates, will be left with 69.5 per cent of the stock.

That will give the investment group more than the two-thirds needed to pass a plan to merge Borden's operations with those of RJR Nabisco and buy out the remaining shareholders, KKR said.

With RJR's shares trading at $5⅝ yesterday morning, down $⅛, the offer valued each Borden share at $12.31, compared with $14.25 a share when the deal was first announced. Borden's stock was trading as high as $18 at the beginning of this year on hopes the company's businesses would be broken up and sold separately.

Salomon's forex chief joins Meriwether firm

By Patrick Harverson

Salomon Brothers is losing another top executive to Long Term Capital Management, the specialist money-management company set up by the Wall Street securities firm's former vice-chairman, Mr John Meriwether.

Yesterday, Mr Hans Hufschmid, head of Salomon's worldwide foreign exchange operations, announced his resignation from the firm.

He is expected to join LTCM shortly, where he will become the latest in a line of top personnel to have left Salomon for Mr Meriwether's operation, which is based in the New York suburb of Greenwich, Connecticut.

Since its establishment in late 1993, LTCM – which operates like a hedge fund, employing more than $1bn in investors' capital to make trades in global financial markets based upon highly-complex mathematical formulas – has hired several former Salomon executives.

These include Mr Eric Rosenfeld, the firm's former head of bond trading, and two of Salomon's highest-paid and most successful traders, Mr Lawrence Hilibrand and Mr Victor Haghani.

Brierley lifts Air NZ stake

Brierley Investments, the hotels and investment group, is to buy Japan Airlines' 5 per cent stake in Air New Zealand for NZ$101.7m (US$64.8m), Reuter reports from Wellington.

The purchase of 22m B shares, at NZ$4.55 a share, takes Brierley's total stake to in Air New Zealand to 42.5 per cent.

However, analysts believe that the move is opportunistic rather than strategic.

The A shares, which cannot be held by foreigners, traded on Wednesday at NZ$3.50, off their year's high of NZ$4.10.

The B shares, which can be held overseas, last traded at NZ$4.50 a share, down from a year's high of NZ$5.90.

Air NZ said the departure of JAL from the share registry was amicable.

NEWS DIGEST

Prudential to put a further $365m into broking unit

Prudential Insurance, the US financial services group, said it would inject a further $365m of new capital into Prudential Securities, its broking and investment banking arm, writes Richard Waters in New York.

The capital infusion is to strengthen the subsidiary's reserves to meet claims from investors who lost money on risky limited partnerships bought from the broker during the 1980s. It will also cover one-off charges as the company shrinks its mortgage-backed bond business and Japanese operations.

Coming soon after the arrival of new chairman and chief executive Mr Arthur Ryan, formerly president of Chase Manhattan, the capital injection prompted speculation that Prudential was dressing up the unit for sale or flotation. Prudential Securities earlier this year reached agreement with regulators to pay $660m into a fund to compensate limited partnership investors, and may eventually have to contribute more.

Rhône-Poulenc venture raises $182m in IPO

Rhodia-Ster, a Brazilian joint venture controlled by the French chemical company Rhône-Poulenc, raised $182m from its global initial public offering launched on Monday, writes Patrick McCurry in São Paulo.

The offer was oversubscribed and sold at the maximum price of $18.50 per global depositary share. Strong demand in Brazil, where the issue was oversubscribed by six times, led global co-ordinator Paribas Capital Markets to increase the Brazilian tranche to about 40 per cent from 33 per cent, with about 30 per cent each going to the US and Europe.

The global depositary shares are listed on the Luxembourg stock market and on the Portal system in the US. The Brazilian shares will begin trading on December 28.

Airgas makes offer for industrial gas unit

Airgas, a Delaware-based gas distribution company, has made an unsolicited offer for the industrial gas business of CBI Industries, valuing the unit at $680m, writes Richard Waters. Airgas also offered to take on all of CBI's debt, which amounts to a further $770m.

CBI dismissed the offer as "inadequate" and said it had no intention of selling the unit, which raised the prospect of a bidding war for the whole company and pushed up its shares when the offer emerged on Tuesday.

The gas unit, Liquid Carbonic, has a strong presence in the international carbon dioxide business, making it potentially attractive to other bidders.

CBI, which bought Liquid Carbonic in 1984, is also involved in construction and engineering. These businesses have been depressed in the face of weak capital investment by many US companies, leading to disappointing earnings so far this year.

The gas business accounted for 44 per cent of the group's $1.7bn sales last year.

Provident Life sells parts of health business

Provident Life, one of the biggest providers of disability insurance in the US, is selling parts of its health insurance business for $310m, writes Richard Waters.

Healthsource, a company based in New Hampshire which runs health maintenance organisations (HMOs), said it would buy Provident's group health and HMO operations.

The sale signals a broader consolidation among managed healthcare and traditional health insurance companies in the US, and the emergence of stronger networks with the power to negotiate lower healthcare networks for their customers.

Brazilian purchase for German group

Bosch-Siemens Hausgeräte, the Munich-based white-goods producer, is acquiring its first manufacturing plants in Latin America through the takeover of the São Paulo-based Continental 2001 group, writes Andrew Baxter.

Terms were not disclosed, but Continental is Brazil's third-largest manufacturer of domestic appliances, with a workforce of 3,500 and expected sales this year of DM360m ($229m). It is profitable, but Bosch-Siemens would not give details.

The São Paulo group markets its products under the Continental and Metalfrio brands.

Bosch-Siemens said the takeover continued its preparations for the increasing globalisation of the white-goods sector. Last month, the company signed a joint venture agreement with a Chinese partner for the manufacture and marketing of front-loading washing machines.

Samsung Electronics may face legal action

Samsung Electronics, South Korea's largest electronics maker, could face legal action from domestic institutional investors over extraordinary losses from stock sales, reports Reuter from Seoul.

Samsung Electronics said it lost Won14.8bn ($18.3m) after it sold its holding of 20m shares in Samsung General Chemicals, at Won2,600, to Samsung Engineering and Construction and Samsung Aerospace.

Domestic institutional investors who had extended investment portfolios in Samsung Electronics in anticipation of higher earnings in 1994 protested against the losses and demanded an immediate shareholders' meeting.

In spite of the share-deal losses, Samsung Electronics expects a pre-tax profit of Won1,000bn for 1994, up from Won210.23bn a year ago. The rise is mainly attributable to higher shipments of semiconductors and personal computers.

CONTRACTS & TENDERS

INTERNATIONAL CAPITAL MARKETS

Private-sector initiatives for swaps taking shape

Laurie Morse examines two schemes in the US

The push to make the private bank market in swaps and other derivatives more transparent and easily tracked is gaining momentum in the US, where the Federal Reserve has openly advocated a swaps clearing house, and where two private-sector initiatives are taking shape.

Those initiatives, being undertaken separately by the Chicago Board of Trade (CBoT) and the Chicago Mercantile Exchange (CME), promise to blur further the lines between the standard definitions of commodities, securities and banking activities.

The most ambitious of the proposals, a two-year-old initiative by the CBoT, is still held up in a controversial filing at the Commodity Futures Trading Commission, the exchange's chief regulator. The CBoT is proposing a centralised body that would guarantee the private trades of member dealers, limiting the systemic credit risks inherent in the over-the-counter market.

The biggest swaps dealers are lukewarm towards the CBoT proposal, because they rely on their top-quality credit ratings to bring them the lion's share of the world's derivatives dealings.

A clearing house that would guarantee the credit quality of all trades – the cornerstone of listed derivatives markets – would eliminate the dealers' credit advantage.

The CBoT last week modified its proposal to the CFTC. The modifications would still involve the CBoT in clearing as well as valuing swaps transactions. The agency is likely to require many more revisions before the CBoT initiative can progress.

Two weeks ago the CME said it would open a swaps collateral depository that would serve some valuation and global custody needs of the OTC derivatives market, but would stop short of guaranteeing trades.

Explaining the decision not to clear swaps trades, Mr Jack Sandner, the CME's chairman, said: "The big dealers like J.P. Morgan and Bankers Trust are our biggest [futures market] customers. They bring us a lot of business and we don't want them to think we're competing with them. The idea of a [swaps] clearing house would be embraced wholeheartedly by the smaller players, but we've decided it is not up to us to level that playing field."

Mindful of the obstacle the CBoT has encountered at the CFTC, the CME is planning to snub its chief regulator. It hopes to set up its global custody facility as a trust company, independent of the exchange, and is seeking regulatory oversight from the US Federal Reserve.

Avoiding CFTC regulation for the swaps custody operation is crucial to its success, CME insiders say. They fear none of the big swaps dealers will come to the table if they are required to report to the CFTC, as well as banking and securities regulators.

CME officials claim that a non-clearing swaps custody operation can be unregulated. However, they are seeking the Fed's imprimatur to give the facility international credibility. Privately, they also say that if they were successful with the swaps custody business, it would be a small jump into clearing. "At that stage, we'd want the Fed as regulator," says one CME official.

The CME facility will be for dealer-to-dealer transactions only, and will not serve end-users.

The technical considerations in consolidating the valuation and collateralisation of OTC derivatives trades, let alone clearing them, are daunting. Although both futures exchanges have long histories of guaranteeing listed derivatives and handling the vast amounts of collateral, over-the-counter trades have far more variables, and are much less easily accounted for.

Furthermore, dealers already have sophisticated bilateral systems for tracking collateral and valuing trades and their concurrent risk exposures. To be successful, the exchange efforts would have to be less expensive than those existing systems. The CME and CBoT plans are aimed predominantly at interest rate swaps.

Since derivative dealers must have custody arrangements for their entire portfolio, this one-product approach might make the facilities less attractive, industry sources say.

On the other hand, "there is no question there are opportunities for economies of scale" in a centralised swaps-tracking facility," says one trader for a large dealer. Some of those economies are controversial, and are being discussed gingerly by the exchanges.

One of these, cross-margining, would allow interest rate exposures on exchange-traded futures to be netted against swaps exposures tracked by the derivatives clearing house. If allowed, it would vastly reduce bank capital requirements, and be a powerful incentive for dealers to participate in a centralised facility.

Italian bonds rally amid political turmoil

By Richard Lapper and Conner Middelmann in London and Lisa Bransten in New York

Italian government bonds rallied yesterday, in spite of continuing political uncertainty.

The March bond futures contract on Liffe climbed by 0.62 to reach 99.52, while in the cash market the yield spread over bunds narrowed by 11 basis points to 477. The uplift was due to short covering by domestic traders, said analysts.

In spite of a combative defence of his government by prime minister Mr Silvio Berlusconi yesterday, the markets still see a new administration as inevitable. "All the bad news has been factored in," said Mr Adrian James, European bond strategist at NatWest Markets.

In the longer term, overseas investors are likely to remain underweight until more effective action is taken to tackle fiscal problems.

Although some analysts say technical resistance will prevent the yield spread widening above 500 basis points over the bund, this view is not shared by all observers.

Mr Giorgio Radaelli, senior economist with Lehman Brothers International, says early elections – conducted under present constitutional arrangements – would be the worst outcome, prolonging political uncertainty. He said in these circumstances the yield spread could widen to between 520 basis points and 540 basis points over bunds.

■ German bonds ended a quiet session broadly unchanged, with the March bund futures contract on Liffe ending around 89.70, up 0.01 point.

Most dealers were not expecting any surprise announcements from today's meeting of the Bundesbank's central bank council. The central bank is due to announce its M3 money supply growth target for next year, and most dealers expect it to stick to its current 4-6 per cent range.

GOVERNMENT BONDS

■ UK gilts ended a slow day little changed, though slightly outperforming Germany which caused the 10-year yield gap over bunds to narrow by two basis points to 112 basis points. Volume was thin and dealers reported little activity.

■ French bonds continued their recent weakness, led again by the short end of the yield curve as the French franc continued to weaken against the D-Mark. With the franc trading outside its former narrow exchange rate mechanism band, dealers are wondering what the central bank will do to defend the currency.

■ Spanish bonds came under pressure from currency weakness, political troubles and fears that the Bank of Spain – which gains full policy independence next year – will raise rates sooner than previously expected.

The Spanish 10-year bond future fell by 0.23 point to 84.91.

■ US Treasury prices were mostly flat yesterday morning as dealers prepared for an afternoon auction of two-year notes.

At midday, the benchmark 30-year government bond was unchanged at 96 yielding 7.842 per cent. At the short end of the market, the two-year note was down 1/8 at 99 1/4, yielding 7.546 per cent.

The modest decrease at the short end of the market was due in part to traders short selling those securities amid speculation that prices – which have bounced back this week from their lows earlier this month – would drop with another monetary tightening.

The Federal Reserve's failure to raise rates at Tuesday's meeting of its open market committee lifted the prices at the short end causing the curve mapping the relation of yields on two-year and 30-year bonds to steepen despite an overall flattening trend. A flattening curve generally indicates that the market expects an economic slowdown.

Few economists, however expected the steepness to hold because of the widespread belief that the Fed will raise interest rates again shortly after the start of the new year, which would pull down the price of two-year bonds.

SEK launches $100m zero-coupon offering

By Graham Bowley

Another slow day in the eurobond market was enlivened by just one deal yesterday, a $100m offering of two-year bonds by Swedish Export Credit (SEK).

The zero-coupon issue, which offers a pick-up in yield of about 500 basis points above two-year yen deposit rates, will be placed entirely with Japanese retail investors, lead manager Daiwa said.

SEK, a frequent borrower which has raised about $5bn this year on international markets, launched an almost identical deal at the end of October.

Italy, Finland and the Canadian province of Ontario are reported to be looking at the five-year dollar sector. Finland has also been linked with a long-dated sterling deal.

Kansai Electric Power is rumoured to be considering a dollar deal via Merrill Lynch. Current favourable swap levels mean that other Japanese electric power companies are likely to follow, said one trader.

A number of borrowers are reported to be looking at the yen sector, where demand – especially from the life insurance companies – remains strong. The European Investment Bank is reported to be considering a six- to 10-year offering of at least Y100bn.

INTERNATIONAL BONDS

Swedish deal increased to $6bn after strong response

By Martin Brice

A jumbo syndicated loan for Sweden has been increased to $6bn from $5bn after a strong response from international banks.

The deal, arranged by Citibank and J.P. Morgan, is notable for its low pricing and is likely to set a benchmark for sovereign borrowers in the international credits market.

The revolving loan has a facility fee of 4 basis points plus a cost if drawn of 4 basis points over the London interbank offered rate (Libor), making a total of 8 basis points over Libor.

The loan replaces two existing and more expensive credits which mature in 1995.

Ms Christine Holm, director of the Swedish National Debt Office, said around $1bn was outstanding of the two loans maturing next year and the remainder of the new loan would be kept in reserve.

She said: "We are very happy with this facility. It has been a very good exercise for us."

The cost of international bank loans has fallen by almost half this year. Banks have become more competitive as they seek new assets while corporate borrowers have been reluctant to take on debt. This competition has resulted in an increase in activity as well as a tendency for loans to highly-respected credits to be oversubscribed.

A total of 27 banks offered to underwrite $8bn for the Sweden deal, and a further 19 banks joined in syndication for the loan, which is due to be signed on January 9.

In November, Sweden voted to join the European Union and bankers involved in the jumbo loan are planning a trip from London to Brussels via Eurostar, the Channel tunnel train, for a celebratory dinner.

SYNDICATED LOANS

● Portugal plans a large external loan, between $100m and $500m, in the first quarter of 1995, a senior Treasury source said, Reuter reports from Lisbon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		8.500	09/04	83.2000	+0.230	10.11	10.31	10.71
Belgium		7.750	10/04	85.7600	+0.030	8.39	8.35	8.34
Canada *		9.000	12/04	99.7500	+0.150	9.04	9.15	9.18
Denmark		7.000	12/04	88.0000	−0.250	8.86	8.76	8.72
France	BTAN	8.000	05/98	100.5600	−0.150	7.89	7.27	7.47
	OAT	7.500	04/05	95.2800	−0.120	8.19	8.10	8.11
Germany Bund		7.500	11/04	99.8600	−0.050	7.52	7.50	7.47
Italy		8.500	08/04	80.5500	+0.300	11.96†	12.03	11.83
Japan	No 119	4.800	06/99	103.6400	−	3.86	3.82	4.04
	No 164	4.100	12/03	97.1900	+0.310	4.54	4.58	4.67
Netherlands		7.250	10/04	97.2000	−0.040	7.66	7.67	7.53
Spain		10.000	02/05	89.3900	−0.240	11.53	11.35	11.16
UK Gilts		8.000	06/99	90-25	+7/32	8.43	8.50	8.35
		6.750	11/04	88-19	+8/32	8.48	8.52	8.50
		9.000	10/08	104-10	+5/32	8.48	8.60	8.51
US Treasury *		7.875	11/04	100-16	−1/32	7.80	7.77	8.00
		7.500	11/24	96-00	−	7.85	7.84	8.11
ECU (French Govt)		8.000	04/04	83.7700	+0.010	8.59	8.52	8.51

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	4.98	Two year	7.56
Prime rate	8½	Two month	5.34	Three year	7.68
Broker loan rate	6½	Three month	5.55	Five year	7.75
Fed.funds	5¾	Six month	6.42	10-year	7.80
Fed.funds at intervention	-	One year	7.03	30-year	7.85

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	110.66	110.66	-0.06	110.92	110.54	66,306	138,409
Jun	110.00	109.98	-0.04	110.00	110.00	254	2,601
Sep	109.42	109.40	-0.04	109.42	109.42	74	800

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Jan	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Mar	PUTS Jun
110	0.85	1.70	-	0.15	1.07	1.97
111	0.25	1.15	1.46	0.62	1.45	-
112	0.05	0.74	-	1.42	2.00	-
113	0.01	0.45	-	-	-	-
114	-	0.26	-	-	-	-

Est. vol. total, Calls 21,266 Puts 10,008 . Previous day's open int., Calls 188,113 Puts 180,887.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	89.63	89.64	-0.05	89.76	89.60	21266	169866
Jun		89.04	-0.05			0	820

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Feb	PUTS Mar	PUTS Jun
8950	0.14	0.70	0.83	1.14	0	0.56	0.79	1.60
9000	0	0.46	0.66	0.93	0.36	0.82	1.04	1.89
9050	0	0.28	0.49	0.75	0.86	1.14	1.35	2.21

Est. vol. total, Calls 5482 Puts 6595. Previous day's open int., Calls 174133 Puts 125480

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.82	99.45	+0.55	99.62	98.82	9371	44875
Jun		98.75	+0.55			0	20

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
9900	1.95	2.39	1.50	2.64
9950	1.62	2.16	1.67	2.91
10000	1.39	1.95	1.94	3.20

Est. vol. total, Calls 1057 Puts 1018. Previous day's open int., Calls 15732 Puts 14213

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	85.00	84.94	-0.23	85.38	84.85	28,860	38,259

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	102-24	103-00	+0-08	102-31	102-23	417	18446
Mar	102-06	102-11	+0-07	102-19	102-03	7048	105397
Jun		101-11	+0-07			0	0

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
102	1-36	1-59	1-13	2-37
103	1-03	1-33	1-46	3-11
104	0-43	1-11	2-21	3-53

Est. vol. total, Calls 463 Puts 3160. Previous day's open int., Calls 24094 Puts 30100

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	80.82	80.80	+0.06	80.92	80.60	1,765	5,571

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	99-18	99-17	+0-01	99-23	99-15	167,556	352,559
Jun	99-06	99-03	-	99-06	99-03	490	13,784
Sep	-	98-25	-0-07	-	-	91	894

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	108.72			108.83	108.70	1824	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Dec 21	Day's change %	Dec 20	Accrued interest	xd adj. ytd		Low coupon yield Dec 21	Low Dec 20	Low Yr. ago	Medium coupon yield Dec 21	Medium Dec 20	Medium Yr. ago	High coupon yield Dec 21	High Dec 20	High Yr. ago
1 Up to 5 years (24)	119.34	+0.01	119.32	1.58	11.14	5 yrs	8.49	8.51	5.66	8.49	8.50	5.88	8.69	8.69	5.98
2 5-15 years (22)	140.48	+0.09	140.35	1.85	12.57	15 yrs	8.36	8.36	6.38	8.49	8.51	6.51	8.71	8.72	6.71
3 Over 15 years (9)	158.14	+0.08	158.01	2.55	12.21	20 yrs	8.33	8.33	8.49	8.49	8.51	8.55	8.66	8.66	8.72
4 Irredeemables (6)	179.94	+0.23	179.54	1.83	13.71	Irred.†	8.40	8.41	6.62						
5 All stocks (60)	137.43	+0.06	137.35	1.86	12.15										

Index-linked	Dec 21	Day's change %	Dec 20	Accrued interest	xd adj. ytd		Inflation 5% Dec 21	Inflation 5% Dec 20	Inflation 5% Yr. ago	Inflation 10% Dec 21	Inflation 10% Dec 20	Inflation 10% Yr. ago
6 Up to 5 years (2)	187.14	+0.03	187.08	1.11	5.07	Up to 5 yrs	3.96	3.96	1.96	2.67	2.66	1.08
7 Over 5 years (11)	174.19	+0.23	173.80	0.59	5.34	Over 5 yrs	3.83	3.84	2.98	3.63	3.64	2.74
8 All stocks (13)	174.65	+0.21	174.29	0.64	5.30							

Debentures and Loans	Dec 21	Day's change %	Dec 20	Accrued interest	xd adj. ytd	5 year yield Dec 21	Dec 20	Yr. ago	15 year yield Dec 21	Dec 20	Yr. ago	25 year yield Dec 21	Dec 20	Yr. ago
9 Debs & Loans (77)	129.90	+0.07	129.81	2.05	11.22	9.44	9.45	7.20	9.39	9.40	7.54	9.33	9.34	7.67

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Dec 21	Dec 20	Dec 19	Dec 16	Dec 15	Yr ago	High*	Low*
Govt. Secs. (UK)	91.94	91.90	91.90	91.97	91.94	106.85	107.04	89.54
Fixed Interest	109.72	109.67	109.72	109.72	109.60	131.14	233.87	106.50

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Dec 20	Dec 19	Dec 16	Dec 15	Dec 14
Gilt Edged bargains	95.5	99.1	101.1	101.8	114.1
5-day average	82.8	96.2	82.9	102.6	101.4

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. £ Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on December 21

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	88⅜	88⅝	+⅛	8.46
Alberta Province 7⅝ 98	1000	98⅜	98⅝		8.12
Austria 8½ 00	400	101½	101⅞		8.12
Bank Ned Gemeenten 7 99	1000	96⅛	96½		8.01
Bank of Tokyo 8⅜ 96	100	100⅛	100⅜		8.21
United Kingdom 7¼ 97	5500	100½	100⅝	-⅛	8.91
Volkswagen Intl Fin 7 03	1000	94¼	94⅝	+⅛	7.95
World Bank 0 15	2000	20¾	21¼	+⅛	7.78
World Bank 5⅞ 03	3000	88½	88⅝	-⅛	7.71
World Bank 8¼ 00	1250	109	109½	-⅛	6.87
Abbey Natl Treasury 8 03 £	1000	92⅝	92⅞		9.30
Alliance Leics 11⅞ 97 £	100	105⅝	105¾		8.72
British Land 8⅞ 23 £	150	89⅛	89½	-1	10.26
Denmark 6¾ 98 £	800	93¾	94		8.79
EIB 10 97 £	637	103	103¼		8.97
Halifax 10⅜ 97 £	100	103½	103¾		8.53

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. [illegible]

RJB 'pleased' with share sale outcome

By Michael Smith

Private investors have taken up fewer than a sixth of the shares available to them in RJB Mining's sale of shares to fund the purchase of British Coal's English regions.

RJB said applications for 2.67m shares had been received in the public offer for sale in which private investors and employees were invited to subscribe.

This represents 43 per cent of the first 6.25m shares in the public offer; however, the company had said that another 12.5m shares would be made available if there was sufficient demand.

RJB said it was pleased with the result, given current market conditions and the "contested nature of the bid" – a reference to rival bidders' strong criticism of the £815m paid by the company. It said its fund-raising had always been aimed primarily at institutional investors and these had proved extremely receptive.

All shares being issued have been placed with institutions. Those applied for by the public will be clawed back.

The successful placing, announced by the company 12 days ago, was regarded a considerable achievement even by RJB's rival bidders in view of the adverse publicity surrounding the bid and the company's projections for future markets.

RJB, led by chief executive Mr Richard Budge, is forecasting pre-tax profits of £220m a year by the end of the decade on the assumption that it will be selling 34m tonnes of coal from the regions it is buying. Some critics say even 25m tonnes would be optimistic.

The application for 2.67m shares in the open offer includes 281,000 for employees. A further 848,000 shares are being allocated to eligible employees under a free employee share offer.

About 64 per cent of employees had taken up free shares by Tuesday. RJB will continue to accept applications until December 29.

The new shares are being issued at 320p, against a suspended share price of 348p. Dealing in the shares recommences on December 30, when RJB is due to take over the regions it is buying.

Lydia van der Meer

Richard Budge: forecast annual pre-tax profits of £220m by 1999

Select Inds to acquire AirBoss

By Andrew Baxter

Select Industries, the USM-traded company which, through a subsidiary, produces the AirBoss tyre for off-road vehicles, plans to acquire AirBoss Tyres of Australia, which holds a 50.4 per cent voting stake in Select.

The deal will simplify the complex ownership structure of the various individual companies involved with the non-pneumatic tyre and the new company will be known as AirBoss Group.

Perth-based AirBoss Tyres and its listed parent, AirBoss, own the right to the wheel system technology. AirBoss Ground Engagement, the Abingdon-based subsidiary of Select, has a licence to produce the tyre for Europe and some other markets.

AirBoss said yesterday the existing structure did not provide a clear and unified corporate image to customers in the construction equipment industry.

The refocusing, with operations merged into one company quoted in London and managed from the UK, was "the next logical step" in the evolution of AirBoss and its technology.

BM dismisses 'ill-conceived' petition

By Geoff Dyer

BM Group, the engineering company, hit back yesterday at the petition filed at the High Court by three of the preference shareholders of Blackwood Hodge, the company it acquired in 1990.

Describing the petition as "ill-conceived", Mr Alun Hicks, group finance director, said: "BM remains firmly of the view, with the benefit of robust legal advice, that the petition has no legal merit."

The petition, which was filed on November 30, alleges that the affairs of Blackwood Hodge have been conducted in a manner prejudicial to the interests of its preference shareholders.

Starmin to raise £5.8m in placing and disposal

Starmin, the quarry products company, has announced a series of changes designed to ensure its survival.

It plans to raise £2.48m in a placing and open offer, sell its Lovie activities for £3.3m, appoint a new management and undergo a capital reorganisation.

It is issuing 401.8m shares at 0.75p with a 7-for-10 clawback. To enable the placing to go ahead the 5p shares are being split into 0.1p ordinary and 4.9p deferred.

The Lovie quarry companies in north-east Scotland are being bought by Mr W Lovie, managing director of Starmin (Scotland), for £3.3m cash resulting in a book loss of £621,000. Starmin will concentrate on its landfill and aggregates business at Water Hall Farm in Hertfordshire and plans to change its name to Water Hall Group.

In addition, the Starmin Pension plan is being wound up with the expected surplus of £200,000 being paid to the company.

Lord Parkinson is to resign as chairman and be replaced by Mr Edward Weiss. Mr Stuart Larnder will become chief executive in place of Mr Michael Gurner.

The sale and placing will cut gearing from 424 per cent at June 30 to a pro-forma 66 per cent.

Starmin is in breach of its bank facilities. Its bankers have confirmed the availability of the facilities until January 18 and have agreed to provide ongoing working capital for 12 months from the EGM agreeing the plans. However, the company warned that rejection of the plans would mean it would have to seek alternative financing.

Go-ahead for Halifax merger

By Alison Smith

Mr Michael Heseltine, the trade and industry secretary, is to allow the merger plans between two of the UK's largest building societies to go ahead without reference to the Monopolies and Mergers Commission.

The decision was welcomed yesterday by both Halifax and Leeds Permanent, the UK's largest and fifth biggest societies, which announced last month plans to merge and then to convert to a public limited company with a full banking licence.

If the deal goes ahead, it will create the third-largest high street bank, with about £90bn in assets. The two societies have about 20 per cent of outstanding UK mortgage balances and about 24 per cent of new mortgage business.

Though this represents a substantial share of the market, competition in retail banking and financial services is already intense and likely to remain so.

Two Labour MPs, Mr Derek Fatchett and Ms Alice Mahon, had argued unsuccessfully for a referral to the MMC on public interest grounds so that it could consider the increasing diversification of building societies.

Now that an MMC inquiry – which could have delayed the deal by about three months – has been avoided, the next certain stage for the merger process to go ahead will be the approval of the 10m members of the two societies.

Halifax and Leeds plan to issue information in early February before the special meetings of the two organisations which are expected to take place in late March.

But the Building Societies Commission, the statutory regulator, may insist that before the merger decision, the two societies' members are told about the likely distribution of free shares when the combined society becomes a plc.

This could mean a court hearing before the special meetings in order to clarify whether the plans are within the legislative restrictions on how shares can be given to members.

When Abbey National, the former society, became a plc it distributed shares on a flat rate basis, but Halifax has signalled that it is looking at other methods of allocation.

Emap in joint venture with DoE agency

By Raymond Snoddy

Emap, the media and exhibitions group, said yesterday it was forming a joint venture information business with the Building Research Establishment, an agency of the Department of the Environment.

In what is believed to be a first, BRE and Emap Business Communications will set up a new company, Construction Research Communications, with the media group holding 70 per cent of the shares and the rest held by the office of the secretary of state for the environment.

BRE's publishing activities range from a monthly subscription digest to environmental assessment titles and the BRE Housing Design Handbook. Many of the BRE publications are essential reading for both engineers and architects.

The new company fits in with Emap's policy of adding specialised professional information services to its business publications.

Walker Greenbank funds buy with £17m rights issue

By James Whittington

Walker Greenbank, the wallcoverings and fabrics group, is raising £16.8m through a 1-for-5 rights issue to finance the acquisition of Warner Fabrics and to fund capital expenditure plans.

The acquired business, which specialises in the design and sale of high quality furnishing fabrics, was bought from Collins & Aikman of the US for £4.45m cash, including repayment of a £2.58m inter-company loan.

The rights issue, priced at 90p a share against yesterday's level of 109p, up 1½p on the day, will also clear Warner's outstanding bank debt of £2m.

Mr Charles Wightam, chief executive, described the acquisition as one of the "sweetest deals" Walker Greenbank had done. He said it would "fit perfectly with our existing consumer operations, particularly Zoffany," the wallpaper and fabrics supplier.

Warner suffered an operating loss of £49,000 in 1993, on sales of £8.27m. This year it is expected to break even. Mr Wightam maintained that through Walker's sales and distribution network and an improved design strategy, profits could be increased considerably.

Warner has a 125 year-old archive of fabric designs. Mr Wightam said: "This treasure trove will be a unique source of designs for us over the next 50 years."

The remaining £10m from the rights issue, underwritten by SG Warburg, would be spent mainly on a £9.4m distribution and office complex for Muraspec, the group's marketing and distribution division for Europe based in Hemel Hempstead, Hertfordshire.

Pre-tax profits of £8.94m (£7.08m) were forecast for the year to January 31, including £26,000 from a property disposal. The expected final dividend of 2.3p (2.1p) would give a total of 3.6p (3.3p).

BFI extends Attwoods offers

Browning-Ferris Industries of the US, which has acquired Attwoods, the UK waste company, via a £391m hostile bid, has extended its final offers until January 11, and reserves the right to extend the ordinary offer further.

BFI has received acceptances in respect of 261.5m ordinary shares, including those represented by ADSs, being 92.4 per cent of the issued ordinary capital, and 54.5m preference shares, representing 82.98 per cent.

Boddington purchases nursing homes from Bupa

By Roderick Oram, Consumer Industries Editor

Boddington Group is to expand its nursing homes division by about 60 per cent with the purchase of 10 homes for up to £30.7m from Bupa, the UK's largest private healthcare organisation.

Bupa's Care for the Elderly subsidiary has 448 beds in purpose-built homes mainly in southern England.

Operating at 83.5 per cent capacity, it made pre-tax profits of £1.8m on turnover of £8.6m in 1993.

Boddington said it hoped to improve the occupancy levels to those in its existing homes.

The purchase will make Boddington's Country House division the leader in the premium sector of the nursing homes market with a "powerful position" in south-east England.

Country House, which made trading profits of £3.2m in 1993 on turnover of £13m, already has 725 beds in 18 homes.

Rubicon expands with £2m buy

Rubicon Group, the precision engineer, has agreed to acquire 82 per cent of Strathclyde, a manufacturer of precision metalwork and assemblies for the electronics industry.

The £2m consideration is to be satisfied with £446,038 in cash and the issue of 1.16m ordinary shares. The cash element will be raised by the issue of 330,400 shares.

Rubicon has an option to acquire the outstanding 18 per cent next May for £435,733 cash.

Strathclyde's pre-tax profits for the year to April 30 were £363,000 on turnover of £8.82m.

NEWS DIGEST

Shares fall 9p at Brit Thornton

The profits warnings made by British Thornton Holdings in October was borne out yesterday when the packaging and specialist furniture group reported a decline in interim pre-tax profits to £804,000.

The shares fell 9p to 31p on news of the fall from a previous £1.15m.

Mr Brian North, chairman, said that in the six months to October 31 lower sales in the video games market had reduced turnover in Masterpack's contract packaging business by £1m. Group sales fell to £4.66m (£4.88m).

The interim dividend is cut to 1p (2.5p) and the group expects to repeat this payment in the second half. Earnings per share were 1.33p (6.56p).

Europe Energy

Europe Energy, the motor dealer, saw losses widen from £76,000 to £2.03m in the six months to September 30.

The company has decided to put its mining subsidiary into receivership and group losses were struck after a £1.67m provision arising from this decision. Mining losses rose to £781,000 (£5,000), although the car dealership made profits of £77,000.

Group turnover grew to £5.46m (£1.57m) and losses per share were 3.95p (0.26p). The next accounting period will be for nine months ending December 31.

In order to keep central costs to a minimum and maximise resources available to the Millenium Rover division, the salary of Mr Gerald Davison, chairman, will be cut by a third to £20,000, while Messrs Honychurch and Pritchard have resigned as directors.

Field French buy

Field Group, the carton maker, has agreed to acquire Bourgeot Group, a specialist labels manufacturer based in Bordeaux, for a maximum of FFr40m (£4.72m).

An initial cash payment of FFr29m is due on completion, with additional sums up to FFr11m linked to profit targets. In 1993 Bourgeot made pre-tax profits of FFr3.7m on sales of FFr32m. Net assets currently stand at FFr10m.

Field increased pre-tax profits from £2.04m to £7.26m in the 26 weeks to October 2.

Dunton cuts loss

Dunton Group, the restructured property company, reported pre-tax losses of £34,000 for the six months to October 31, against a deficit of £636,000 for the comparable period which covered the half year to November 30.

The outcome reflected the near-elimination of interest charges – £1,000 against £484,000 – and directors stressed that it was struck before "we have embarked upon any significant acquisition or development."

Turnover was £240,000, against £1.49m which took in £1.36m from discontinued operations. Losses per share narrowed to 0.05p (1.38p).

Victoria Carpet

In the face of "uncertain demand in the UK," pre-tax profits of Victoria Carpet Holdings, carpet manufacturer, fell from £456,000 to £341,000 in the half year to September 30.

Sales, at £18.1m (£17.1m), had been maintained, the company said, but at reduced margins. Earnings were 3.25p (4.17p).

Victoria had launched a number of new products, the directors said, and this year was bearing the brunt of that investment.

Herald Observer

Herald Observer Newspapers has been bought out by Standard Newspapers, a new company, in a £1.8m deal backed by Gresham Trust.

Standard was formed by Mr Chris Bullivant, who is credited with founding the UK's free newspaper industry in the 1970s. Midlands-based Herald was itself a joint venture between Mr Bullivant and the Tamworth Herald Company.

Enviromed purchase

Enviromed, the biotechnology and healthcare group, is to acquire CVS, a small technology company based in Ely, Cambridgeshire, for £1.1m. The consideration will be met by the issue of new Enviromed shares in two tranches.

CVS, owned by Innovet of the US, is developing technology for immunodiagnostics. It will be integrated into Enviromed's diagnostics division.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Price for Trading on 22.12.94: Pool purchase price £/MWh	Final Prices for Trading on 24.11.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.66	9.23	9.23
0100	29.00	9.66	13.45
0130	22.87	9.66	13.45
0200	28.67	9.66	13.45
0230	29.00	9.24	9.24
0300	9.66	9.22	9.22
0330	9.66	9.21	9.21
0400	9.56	9.20	9.20
0430	9.56	9.20	9.20
0500	8.56	9.09	9.09
0530	28.56	9.09	9.09
0600	29.59	9.08	9.08
0630	29.59	9.25	9.25
0700	29.79	10.10	10.10
0730	32.82	29.97	33.75
0800	32.87	29.97	33.75
0830	33.10	29.98	33.76
0900	41.23	29.99	33.77
0930	48.37	38.29	42.07
1000	48.49	38.29	42.07
1030	48.23	38.28	42.07
1100	41.28	34.33	38.11
1130	41.12	34.33	38.11
1200	41.02	34.33	38.12
1230	47.55	61.68	65.46
1300	47.35	61.68	65.46
1330	32.90	34.32	38.09
1400	30.70	29.98	33.75
1430	30.68	29.98	33.75
1500	30.69	29.98	33.75
1530	30.77	30.00	33.78
1600	33.92	37.85	42.09
1630	58.84	55.40	64.30
1700	99.71	93.90	107.47
1730	108.11	108.90	120.55
1800	95.93	92.30	103.87
1830	62.39	58.79	65.78
1900	50.90	47.46	52.13
1930	40.04	37.71	41.77
2000	36.32	36.94	40.80
2030	39.05	36.49	40.27
2100	39.01	32.49	36.27
2130	33.00	29.97	33.75
2200	30.27	29.97	33.75
2230	29.79	29.97	33.75
2300	29.78	29.97	33.75
2330	28.68	9.29	9.29
2400	25.66	9.20	9.20

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between 8:30am and 5:15pm Monday to Friday.
©Energy Settlements and Information Services Limited

COMPANY NEWS: UK

AGM told of threat of collapse if £1.3bn debt restructuring rejected

QMH chief issues warning

By Peggy Hollinger

Mr Stanley Metcalfe, chairman of Queens Moat Houses, the hotels group, warned shareholders attending the annual meeting in London yesterday that the company could collapse if they refused to approve the £1.3bn debt restructuring announced last week.

"If shareholders do not approve the restructuring, insolvency is almost certain to occur," Mr Metcalfe said.

They will be unable to vote on the proposals, however, until all of Queens Moat's 74 lenders approve the package. One lender is still resisting the deal.

The AGM lasted a shorter-than-expected two hours, and resulted in the overwhelming approval of all eight resolutions to adopt the 1993 accounts and re-elect directors and auditors.

The 200 or more shareholders who attended were clearly not prepared for a repeat of last year's angry four-hour AGM.

"I am not staying all day," muttered one elderly investor. "I want to get home for Christmas."

Trevor Humphries

Stanley Metcalfe: all eight resolutions overwhelmingly approved

Investors did, however, want clarification on the restructuring proposals which could leave the banks with 60 per cent of the group.

Mr Alan Reed, a Bristol-based solicitor, felt it was inappropriate to vote on the re-election of directors until the restructuring had been considered by shareholders.

Mr Reed, who is the personal solicitor to Mr John Bairstow, Queens Moat's previous chairman and chief executive, called for an adjournment of the AGM.

Mr Metcalfe, armed with some 304m proxies, brusquely dismissed Mr Reed's proposal as "totally inappropriate" and insisted that it be put to a poll. Shareholders, angry at the time a poll would take, were vociferously opposed to a vote but Mr Metcalfe refused to listen to calls from the floor. Eventually, Mr Reed withdrew his call for an adjournment.

Shareholders also quizzed the board over new contracts which could this year more than double the salaries of the chief executive, finance director and chief operating officer, through several incentives.

"Don't you think it is inappropriate," asked one investor, "when shareholders are making such substantial sacrifices that executive directors should be awarded further bonuses?"

Mr Metcalfe's response was simple: "No. Sorry. I don't agree with you."

Investors were more reassured by the board's comments on trading. The UK division was meeting the industry average of £7,400 gross operating profits per room. On this basis, the UK hotels division could achieve gross operating profits of about £66m.

Mr Andrew Coppel, chief executive, said he was confident Queens Moat had the management to carry the company "through the process of recovery and beyond".

Highland lifts stake in Remy to 16.1%

Highland Distilleries, maker of Famous Grouse Scotch whisky, is to raise its stake in Remy Cointreau, the French cognac, champagne and liqueurs group, from 11.6 per cent to 16.1 per cent through a series of deals, writes Roderick Oram.

Highland is achieving this by moving from a 25 per cent stake in a company which had a 46.4 per cent stake in Remy to a 30 per cent stake in a company which has a 53.7 per cent stake.

Highland said it would benefit from closer ties with Remy in distribution and other areas of co-operation, and from gaining a more direct stake in the company.

The relationship between the groups, which has benefited drinks brands from both companies in a number of country markets, dates back to 1990.

The trigger for the deals was the desire by the Hériard Dubreuil family to consolidate its direct and indirect stakes in Remy into a stake in Orpar, Remy's controlling company.

Highland will increase its stake in Orpar from 25 per cent to 30 per cent at a cost of £22.5m. It has also spent £19.4m to buy Remy shares in the market to maintain its stake when Orpar lifts its investment in Remy from 46.4 per cent to 53.7 per cent.

Highland is increasing its stake in Orpar by buying the 50 per cent of HRB Investments it does not already own. The company's sole asset is convertible bonds in Orpar.

The seller of HRB is Robertson & Baxter, which will receive 5.42m Highland shares in exchange. This will lift Robertson's stake in Highland from 14.7 per cent to 18.2 per cent.

Highland and Robertson, both founded by the same family, have cross shareholdings dating back more than 100 years and operate essentially as an informal group.

Tate & Lyle plans Staley expansion

By Paul Taylor

Tate & Lyle, the sugars and sweeteners group, yesterday announced a $78m (£50m) expansion project at AE Staley, its maize wet milling subsidiary in the US.

As part of the project, due to be completed by June next year, Staley's Lafayette South plant will be expanded at a cost of $45m (£28.9m) to produce additional high fructose corn syrup. This is the first phase of an expansion which will eventually more than double capacity at the plant.

Meanwhile, the Lafayette North (Sagamore) plant will be expanded at a cost of $33m (£21.1m), doubling the modified starch capacity.

At the same time Staley will complete the $20m (£12.8m) modernisation of its starch processing facility at Decatur, Illinois.

The expenditure forms part of Tate's planned £175m capital investment programme for the year to September 1995.

Black wins option on Telegraph shares

By Raymond Snoddy

In what is almost the end of an era, the Berry family, once proud owners of The Daily Telegraph, has decided to dispose of most of its remaining shares in the national newspaper group to Hollinger – Mr Conrad Black's main company.

Under an agreement reached yesterday with the Telegraph Newspaper Trust, which holds the family shares, Hollinger can acquire from the trustee 7m ordinary Telegraph shares at 450p each.

The agreement provides that Hollinger can acquire the shares between April 15 and October 24 next year. In the period from November 8 to November 30 Hollinger "may be required by the trustee to acquire the shares".

Lord Hartwell, the former chairman of The Daily Telegraph, and his brother Lord Camrose, both directors of the trust and of The Daily Telegraph, will retire from the Telegraph board one year after the shares are sold.

The trustee currently holds 7.99m shares in The Daily Telegraph, representing 5.91 per cent of the capital.

It is not clear why the Telegraph Newspaper Trust has decided to sell, although Lord Hartwell said yesterday it was time for the family to spread its interests now that it no longer controlled the company.

Mr Adrian Berry, a science writer on The Daily Telegraph, will remain a Telegraph director.

Hickson profit shortfall after Unilever decision

By Roderick Oram, Consumer Industries Editor

Hickson International, the specialty chemical company, said yesterday it would suffer a profit shortfall following the decision of Unilever to halt purchases of the controversial manganese catalyst in Persil Power and other Unilever detergents. Its shares fell 12p to 114p.

Despite the setback, the group was still on track to meet market forecasts of pre-tax profits for 1994 of between £21m and £23m, against £22.1m a year earlier.

Hickson said it had already won orders from two pharmaceutical companies to help use the capacity of the plant in Ireland affected by Unilever's decision.

Unilever cut the content of the catalyst in the fabric detergents by 80 per cent this summer. It reformulated the products after discovering that the new detergents were reacting adversely to a small selection of deep dyes in cotton and viscose fabrics.

The problem, which gave rise to the soap war between Unilever and Procter & Gamble, its rival, has been solved by reducing the catalyst, Unilever said.

As a result of the reduced catalyst, Unilever has sufficient stocks to last until the end of next year, Hickson said. Unilever, which is on a take-or-pay contract lasting to the middle of next year, is negotiating a settlement with Hickson.

In a full year the catalyst, which had accounted for half the plant's production, would have contributed some £8m of operating profit to Hickson but because of the settlement the shortfall would be less, Hickson said.

Hickson said Unilever was aware that the plant would be fully committed to other products when it wanted to resume production of the catalyst. Hickson, therefore, might not wish to produce for Unilever.

Jupiter Tyndall in early stage of takeover talks

By Norma Cohen, Investments Correspondent

Jupiter Tyndall, the fund management group, said yesterday that was in talks with unnamed parties about its possible acquisition.

In a statement following the close of trading, Jupiter's board noted the recent rise in its share price and speculation about the company's future, and issued the statement as a result.

Yesterday, the shares rose 7p to close at 402p, compared with about 300p in mid-September.

The company said discussions were being held "with a small number of parties". Talks were at an early stage and there was no indication that an offer would be made at a premium to the share's present level.

Speculation has centred on a continental financial institution, possibly a German insurer. It is likely that in agreeing to any offer, Jupiter would seek a buyer which offered business possibilities, such as access to a continental distribution network for its retail financial products.

Jupiter made the announcement after consultation with its advisers and discussion with the Takeover Panel.

About 40 per cent of Jupiter's shares are held by management or individuals associated with them.

Last summer, Jupiter sold its banking division to Cater Allen, the money broker, and said it intended to concentrate on expanding its fund management business.

It acquired Queen Anne's Gate Asset Management last September, a move which expanded its assets under management to £4.15bn.

In the six months to September 30, the company also increased its assets by £350m in net new cash from clients.

Aerospace buys Pascall for £5.5m

By Geoff Dyer

Aerospace Engineering, the precision engineering group which yesterday reported a 72 per cent fall in interim pre-tax profits, has acquired Pascall, the electronic equipment and component manufacturer, for a maximum of £5.5m.

The group also announced plans to restructure its share capital and change its name to Intelek.

The initial consideration for Pascall is £3m, to be satisfied by the issue of 3m new Aerospace Engineering ordinary shares, representing 7.9 per cent of the issued share capital, with the balance in cash and loan notes.

The remaining consideration will be satisfied by up to 2.5m more shares and loan notes, depending on Pascall's profitability up until 1996.

Pascall made pre-tax profits of £184,000 on turnover of £5.3m in the year to September 30.

Aerospace Engineering has also proposed a capital reconstruction which would effectively lower the nominal value of its shares from 25p to 5p. The shares closed yesterday at 16½p.

The company's pre-tax profits for the six months to October 31 fell from £127,000 to £35,000 on turnover down 3 per cent at £7.47m (£7.72m).

Continuing activities showed an operating loss of £167,000 (£292,000 profit) after a £160,000 restructuring charge and poor performance by CML, part of the group's aerospace division. The disposal of property in Swindon resulted in a profit of £471,000.

Earnings per share fell from 0.12p to 0.09p. The interim dividend is unchanged at 0.25p.

NEWS DIGEST

Copymore shares drop as talks end

Shares in Copymore fell 70p to 110p yesterday after the USM-quoted office equipment supplier said the talks it had been holding regarding a possible offer, had ended.

F&C Smaller Cos

Net assets per share at Foreign & Colonial Smaller Companies stood at 165.5p at the end of the six months to October 31, against 175.8p at April 30 and 169.1p a year earlier.

The 5.9 per cent decline since the year-end compares with an 8.8 per cent fall in the Hoare Govett Smaller Companies Index.

Net revenue was £1.44m, down from £1.58m. Earnings per share came out at 1.36p (1.74p), with an increased interim dividend of 0.74p (0.7p). The board intends to recommend a 1.33p final.

Trafalgar sale

Trafalgar House has sold for £16m the Stafford Hotel, St James's Place, London, to Shire Inns, the hotels offshoot of Daniel Thwaites.

Completion is scheduled for next month. The sale of the 74-bedroom hotel will result in a small surplus over book value, which will be reflected in the group's 1994-95 accounts.

Stewart & Wight

Stewart & Wight, the property investment group, reported pre-tax profits down from £170,064 to £162,192 for the six months to September 30.

Gross rental income rose to £214,700 (£201,526) and interest paid was £12,993 (£6,846). Earnings per share were 137.31p (145.29p).

Eadie acquisition

Eadie Holdings, the engineering group, has conditionally agreed to acquire Belgravium for up to £3.12m.

Initial consideration will be £2m in shares and cash plus a deferred profit-related amount of up to £1.12m.

Riva refinancing

Riva Group, the USM-quoted supplier of electronic point of sale systems, has completed arrangements with its bankers which improve the value of shareholders' funds by £1.4m and reduce gearing. The profit and loss account should also benefit by about £1.3m.

FennoScandia Bank, Securum Finance and Mr Tom Milne, a former director, will be repaid £911,000, with the £1.31m balance of the debt to FennoScandia and Securum waived.

The Co-operative Bank is providing funds and increasing its facilities to the group. It will also subscribe £100,000 for the issue of 888,889 new ordinary shares at 11¼p against a market price of 10p. This will reduce Riva's debt to it.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aerospace Eng ......int	0.25	Apr 3	0.25	-	0.75
Brit Thornton ......int	1	Feb 24	2.5	-	6
M&G Second Dual ...int	14.3	Jan 24	13.22	-	23.97

Dividends shown pence per share net.

PUBLIC WORKS LOAN BOARD RATES
Effective December 20

	Quota loans*					
	'Lower' quota rates			'Higher' quota rates		
Years	EIP†	AIP††	Maturity§	EIP†	AIP††	Maturity§
1			6¾			6⅞
Over 1 up to 2	7⅛	7⅛	8	7¼	7¼	8⅛
Over 2 up to 3	7¾	7¾	8½	7⅞	7⅞	8⅝
Over 3 up to 4	8⅛	8¼	8⅝	8¼	8⅜	8¾
Over 4 up to 5	8⅜	8½	8¾	8½	8⅝	8⅞
Over 5 up to 6	8½	8⅝	8¾	8⅝	8¾	8⅞
Over 6 up to 7	8⅝	8⅝	8¾	8¾	8¾	9
Over 7 up to 8	8⅝	8¾	8¾	8¾	8⅞	9
Over 8 up to 9	8¾	8¾	8⅞	8⅞	8⅞	9⅛
Over 9 up to 10	8¾	8¾	8¾	8⅞	8⅞	9⅛
Over 10 up to 15	8¾	8¾	8¾	9	9⅛	9⅛
Over 15 up to 25	8¾	8¾	8⅝	9⅛	9⅛	9
Over 25	8¾	8⅝	8⅝	9⅛	9	9

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

profit short...
...ilever decision...

...ndall in early
...keover talks

...scall for £5...

Every day we help thousands people like Zoe fight cancer.

صكتا من الاصل

TELECOM ITALIA

A NEW NAME LEADING TELECOMMUNICATIONS IN ITALY

TELECOM ITALIA
was set up on 18 August 1994 through the merging of five companies (SIP, Italcable, Iritel, Telespazio and Sirm) that had until then managed Italian telecommunications separately, and has thus become a global operator in a completely new framework.

TELECOM ITALIA
is now the sixth largest telecommunications operator in the world in terms of turnover and one of Europe's prime investors in the sector.
It is a joint-stock company with almost 70,000 investors and 18% of its share capital is held by foreign shareholders.

TELECOM ITALIA
has a worldwide presence with 18 representative offices with a large number of other corporate entities. It also has a wide-spread commercial network geared to provide, even abroad, a speedy, integrated and innovative answer to the communications requirements of people and companies.

"A sharp decline in financial charges achieved thanks to ongoing economic and financial consolidation is the clear result of a policy based on rational and integrated organisation, further strict cost reduction measures and carefully selected large-scale economies in order to become competitive in a free market".
(Francesco Chirichigno)
Managing Director

THE FIRST SIX MONTHS OF TELECOM ITALIA

The figures are in lira	30.06.94	31.12.93*
REVENUES (BILL)	14.276	23.404
ADDED VALUE (BILL)	11.345	18.164
ADDED VALUE / REVENUES (%)	79,5	77,6
GROSS OPERATING MARGIN (BILL)	7.994	12.327
GOM / REVENUES	56	52,7
OPERATING PROFIT (BILL)	3.136	3.796
NET FINANCIAL CHARGES / REVENUES (%)	5,3	9,8
PROFIT BEFORE TAXATION (BILL)	2.175	1.741
INVESTMENTS (BILL)	3.680	7.963

*1993 FIGURES REFER TO MERGED COMPANY SIP

TELECOM ITALIA - Direzione Generale - via Flaminia, 189 - 00196 Roma

PROGETTO GRAFICO PUBBLICITARIO - IACOPINI • BICCARI - ROMA

COMMODITIES AND AGRICULTURE

Strike threat heightens turmoil in pulp market

By Bernard Simon in Toronto

Unions at three British Columbian pulp and paper mills owned by Fletcher Challenge Canada have threatened to strike from tomorrow after withdrawing from mediation on a new labour contract. The spectre of a strike is one of several developments that have thrown world pulp and paper markets into a near-frenzy.

Further price increases for pulp and various grades of paper appear to be in the offing.

Some North American newsprint producers are rumoured to be considering another price increase in addition to the 9 per cent rise scheduled for March. *Prices for northern* bleached softwood kraft pulp are due to rise by US$50 to $750 a tonne on January 1. Another *increase early in the New Year* would come as no surprise.

Mr Rodney Young, president of Resource Information Systems, a US consultancy, predicted yesterday that the first half of 1995 would see "a very, very strong market for pulp and paper in general".

However, analysts expect that markets will cool later in the year, as US economic growth slows and new pulp and paper capacity comes on stream, especially in Indonesia and North America.

Factors pushing up demand include strong consumption in south-east Asia, and moves by European and North American paper users to build up stocks.

Besides the strike threat in BC, markets have also been unsettled by protracted labour negotiations in the Finnish forestry *industry. Finnish* employers and unions are scheduled to meet again tomorrow to try to settle their differences.

Views differ on whether either the BC or Finnish labour disputes will result in a sustained disruption of supplies.

Fletcher Challenge said yesterday that progress had been made in its talks but the two sides remained divided on some key issues, including employer demands for more flexible work practices and contracting-out of work to non-union labour.

The pattern set by Fletcher Challenge is likely to be followed by *other BC pulp and* paper producers.

St Lucia's strike-breaking banana growers to get police protection

By Canute James in Kingston, Jamaica

The St Lucian government is to provide police protection for banana farmers whose storage sheds are being burnt and some of their fruit indiscriminately cut because they are refusing to join a farmers' strike.

Mr John Compton, the prime minister of St Lucia, the leading banana exporter in the Windward Islands, which provide most of Britain's bananas, said the strikers wanted to destroy the island's banana industry.

The three-week stoppage was called by the Banana Salvation Committee, which has been calling in vain for an extra-or*dinary meeting of the St Lucia* Banana Growers' Association to discuss the restructuring of the industry.

The fruit and sheds of many farmers refusing to join the strike have been vandalised. "This will be stopped," said Mr Compton. The police have been *investigating several cases of* arson on banana farms.

"This definitely cannot continue," the prime minister said. "Farmers who sweat and slave in the heat of the day to promote the fuel that drives our economy, cannot have their efforts destroyed by criminal gangs who work in the dead of night, under the cover of darkness."

The prime minister said that the attacks on the farmers not joining the strike were not hampering the export of bananas from St Lucia.

Despite the destruction of the storage sheds, almost all the fruit that was ready was harvested last week, when exports reached 1,900 tonnes, the highest weekly total since a tropical storm devastated most of the island's farms earlier this year.

St Lucia's banana industry was hit hardest when the storm struck the Windwards in early September, losing an estimated 70,000 tonnes, or 68 *per cent of the expected crop.*

The island's banana growers would be involved in the management of the industry, but not until the growers' association's finances were "restored to good health," the prime minister said.

The relative lack of involvement of growers in the management of the industry is troubling farmers in the other Windward islands of Dominica, Grenada and St Vincent. The Windward Islands Farmers' Association is discussing a series of proposals to change this, according to industry officials.

They say, however, that some of the proposals for changes have implications for the Windward Island governments' access to funds from Stabex, the European Union's compensatory finance mechanism for African, Caribbean and Pacific states which suffer crop losses from natural disasters.

Talks on nutmeg pact beak down

By Canute James

The world's two major nutmeg producers have suspended negotiations on a new joint marketing agreement amid concerns about the involvement of a European *marketing* company and will resume their discussions in March.

Indonesia and Grenada, which account for 75 per cent and 23 per cent, respectively, of world nutmeg production, have been seeking a marketing agreement to stabilise world prices for the spice.

Grenadian producers have objected to the involvement in the talks of BerCatz, a marketing company, which would get a 5 per cent commission on sales under the agreement with *the producers.*

"The Grenada Co-operative Nutmeg Association is totally opposed to any joint marketing arrangement which gives BerCatz a percentage, simply because the company is not a producer," said Mr Cliff Robertson, chairman of the association.

Grenadian producers would back a *new agreement only* if it was between producers of Grenada and Indonesia, as this was the only way to achieve a higher price for the commodity on the international market, he said.

Producers in the two countries have been trying to agree on a protocol to stabilise and then to increase world market prices but have steered clear of recreating their cartel, which collapsed six years ago following the liberalisation of the industry in Indonesia. While not planning to set prices, the producers want to co-operate in monitoring the volume of the spice offered for sale on the world market.

Before the talks were suspended, producers in both countries were discussing proposals to keep supply at about 9,500 tonnes per year, marginally less than current world demand and 2,500 tonnes less than the current combined production of both countries.

End seen to bull run in base metals

By Kenneth Gooding, Mining Correspondent

The present bull market in base metals will probably end in the third quarter of 1995, according to *analysts* at the Merrill Lynch financial services group.

However, before the downturn, "the bull run from Janu*ary to July 1995 could be very* exciting indeed," it is suggested in Merrill's latest monthly base and precious metals report. Mr Ted Arnold, metals analyst, and Mr Stephen Waite, senior European economist say: "The strong price gains that have been seen in 1994 are not likely to be experienced after the end of the second quarter of 1995. But that is not the same as saying that the average price trends will collapse.

"We think the rocket-like price trajectories of most base metals will flatten out and begin to turn lower in the latter *half of 1995.*"

Some selected metals, such as nickel – used intensively in the production of capital goods – may be able to show a rising *price* and rising *average* price trend for another year or so after the bull phase has ended.

The authors point out that bull markets in metals rarely last for more than 18 to 24 months primarily because new production capacity is encouraged to start up or existing mines are expanded.

Also high prices sometimes encourage "a big response from the scrap sector".

In addition some demand is *lost because metal* users in the face of sharply rising prices switch at the margin to other products or processes. The exception is that copper is vir*tually* price inelastic as it is essential for copper wiring and the cost of metal used is a very small component of total prices of products.

The authors also point out that bull markets end because interest *rates* rise with economic activity and at some point become high enough to choke off demand at the margin and slow down *activity.* That is usually when a period of stock liquidation begins. However, miners and aluminium smelters continue to max*imise production to reduce* unit costs and so stocks of surplus metal start to build up again on the London Metal Exchange.

One feature of the present bull market has been the involvement of the hedge and commodity funds who have been buying in *anticipation* of higher metals prices. The authors warn that the funds are likely to anticipate the time when consumption will *start to slow down* and production starts to satisfy current demand. "Our guess is that when that happens the funds will go as aggressively short as *they* went aggressively long earlier this year. When they start to sell short and get out of their long positions, relatively high stock levels in most metals will reinforce the market's bearishness."

BHP wins 7 per cent iron ore price rise

By Nikki Tait in Sydney

Broken Hill Proprietary, one of Australia's biggest iron ore producers, has secured an average 7 per cent price rise for 1995-96 in the annual round of contract negotiations with *Japanese steel mill buyers.*

This reverses the trend of declining prices seen in the previous three years, although the extent of the rise – which is calculated on a US dollar basis – is mitigated by the strengthening of the Australian dollar over the past 12 months.

The annual contract negotiations between the Australian suppliers and the Japanese buyers play a key role in setting prices internationally. Australia is the world's fourth largest supplier of iron ore, after China, Brazil, and the former Soviet Union, while the Japanese steel mills source about half their raw material from the country. Iron ore is Australia's fifth largest export, earning around A$3bn a year.

The outcome of the latest round of *negotiations, which* began in Tokyo last month, was announced by BHP's iron ore division yesterday. It said a price of 21.15 US cents a dry long ton unit for Mt Newman fines, and 35.89 cents for Mt Newman lump ore, had been agreed, representing rises of 5.8 per cent and 7.9 per cent over current contract price.

The *differential* between the prices for lump and fines was a record and reflected strong demand for lump ore, the com*pany added.*

BHP described the settlement as "satisfactory, given that the Japanese steel mills are in the early stages of a recovery to profitability after a harrowing recession". The average 7 per cent rise is slightly bigger than analysts had forecast and BHP shares rose 22 cents to A$19.48 on the news.

Russian platinum sales 'up 41 per cent' in 1994

By Kenneth Gooding

Imports of Russian platinum to the main western markets in 1994 are likely to be the second-highest on record at about 1.12m troy ounces, according to the CRU International consultancy group. This would be 41 per cent up from last year.

"This raises again the question of the real picture for Russian production, stocks and sales," says Mr Tony Warwick-Ching, in CRU's Precious Metals Monitor.

As production is clearly facing fresh problems because of the accident at the Norilsk complex – which supplies most of Russia's platinum group metals – at the end of November, stock levels are increasingly important.

"The problem is that no-one seems to have a clear idea of what the Russians have in stock," Mr Warwick-Ching points out.

The Monitor shows that in the first ten months of 1994 Swiss imports of Russian platinum were 48 per cent higher than in the same period of 1993 at 297,000 ounces while, at 591,000 ounces, Japan's imports were 51 per cent up. "Reported Russian deliveries to Germany, the US, Japan and Switzerland in the first nine months of the year have totalled over 820,000 ounces, *already exceeding the* figure for the whole of 1993."

Mr Warwick-Ching says the strength of Japanese demand "remains puzzling". Production of cars – big consumers of platinum in anti-pollution catalysts – in Japan is down by 10.7 per cent. However, platinum jewellery sales are robust because, while the dollar price of platinum has risen by 6.4 per cent since January, in yen terms it has fallen 6.2 per cent.

He suggests the failure of the platinum price to react to "the more bullish market perception of its fundamentals" is *because of the tendency of* some market players to link it closely to gold and silver in their computer-driven trading operations. CRU expects the price to remain above $400 but says it "remains vulnerable to speculator sell-offs in the other precious metals."

Precious Metals Monitor: monthly, £765 a year from CRU, 31 Mount Pleasant, London WC1X 0AD, UK.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1881.5-82.5	1918-19
Previous	1860-61	1897-98
High/low		1920/1877
AM Official	1858-59	1894-95
Kerb close		1919-20
Open int.	244,728	
Total daily turnover	46,023	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1825-35	1865-75
Previous	1825-35	1865-75
High/low		Unq.
AM Official	1825-35	1865-75
Kerb close		Unq.
Open int.	2,624	
Total daily turnover	485	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	634-35	653-54
Previous	632.5-33.5	652-52.5
High/low		658/651

■ NICKEL ($ per tonne)

■ TIN ($ per tonne)

■ ZINC, special high grade ($ per tonne)

■ COPPER, grade A ($ per tonne)

■ LME AM Official £/$ rate: 1.5585

■ HIGH GRADE COPPER (COMEX)

PRECIOUS METALS

■ LONDON BULLION MARKET

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls)

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

Jul	1650	+55	1650	1610	117	2
Oct	1700	+25	1700	1700	-	-
Total					3,130	276

	Close	Prev
BFI	1987	1980

Cotton

Liverpool- Spot and shipment sales amounted to 23 tonnes for the week ended December 16 against none in the previous week. Subdued offtake did not bring many operations. Support was forthcoming in certain specialist styles notably in the CIS range.

SOFTS

■ COCOA LCE (£/tonne)

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

Oct	74.50	+0.40	74.50	74.20	1,437	62
Dec	71.68	+0.41	71.90	71.30	6,677	320
Mar	72.25	+0.13	-	-	85	2
Total					58,845	7,884

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Jan	117.30	-0.30	118.60	115.80	8,758	1,860
Mar	121.40	-	122.90	119.80	11,157	1,486
May	123.80	-0.35	125.20	122.50	2,077	146
Jul	126.80	-0.10	126.50	126.00	1,823	25
Sep	129.80	+0.15	129.80	128.00	2,358	2
Nov	128.05	+0.05	128.00	128.00	1,678	42
Total					27,839	3,636

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Dec 21	Dec 20	month ago	year ago
2193.8	2196.0	2128.8	1657.8

■ CRB Futures (Base: 1967=100)

Dec 20	Dec 19	month ago	year ago
232.49	231.88	231.15	224.05

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	70.025	-0.275	70.150	69.900	1,319	946
Feb	70.400	-0.225	70.475	70.100	31,782	4,071
Apr	71.100	+0.100	71.150	70.750	22,085	1,949

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lbs)

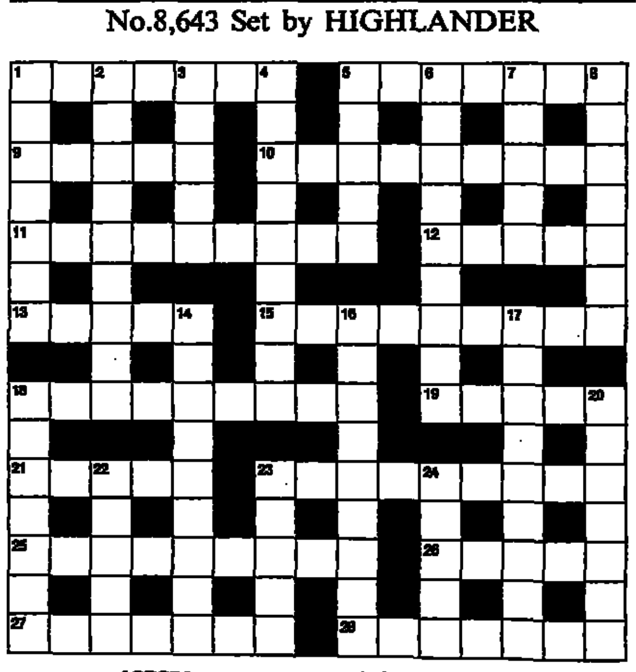
LONDON TRADED OPTIONS

LONDON SPOT MARKETS

JOTTER PAD

CROSSWORD

No.8,643 Set by HIGHLANDER



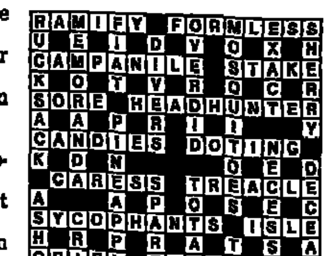
ACROSS

1 Dock brief leads to trouble (7)
5 Stay and drink wine (7)
9 Got out of bed and repaired siren (5)
10 Same broadcast for audible signal (9)
11 *I mark what's left to reveal* lack of proportion (9)
12 Travels on transport free and starts to enjoy senescence (5)
13 Wader in repose on one leg, retaining balance (5)
15 Development *for example* round Victoria, perhaps (9)
18 Youth on bed – lad sent to Coventry (9)
19 Villain in a suit (5)
21 Earlier paintings turned over more (5)
23 Stopped participating and departed (6,3)
25 Taken away with picture by Pole (9)
26 It's important French wine isn't finished (5)
27 What's left to be paid after adjustment to rise? (7)
28 Get to the top expert on breaking waves (5)

DOWN

1 Red *vehicle* runs over explosive device (7)
2 Sound indicating contempt for file on fruit (9)
3 Make invalid take bend on left behind girl (5)
4 Yesterday evening's traditional musical event (4,5)
5 A few – about a thousand – assemble for battle (5)
6 FT to support publication? (9)
7 Empty space behind, nothing like an egg (5)
8 The head has cause for disloyal behaviour (7)
14 *Add* to when cooked, using both mitts (3-6)
16 Team products provide subsidiary sources of income (9)
17 Lover turns up at an Italian one (9)
18 Wardrobe ruined, many lost in struggle (4,3)
20 Previous meter rebuilt? That's drastic (7)
22 Bears to put up? (5)
23 Smooth aircraft (5)
24 Anxious queen is outside a long time (5)

Solution 8,642



هكذا من الأصل

هكذا من الأصل

LONDON STOCK EXCHANGE

MARKET REPORT

Talk of imminent market raid boosts equities

By Steve Thompson

There were strong rumours circulating late yesterday that Trafalgar House was about to launch a market raid to buy up to 10 per cent of Northern Electric stock. Trafalgar announced a £1.2bn bid for Northern last week.

The Trafalgar rumour was only one factor boosting the UK market. Stock market analysts refused to rule out a FT-SE 100 level of 3,100 before the end of the year as Wall Street's bullish response to news from the US that the Federal Reserve is leaving short-term interest rates unchanged for the near future helped drive UK equities into a better position yesterday.

At the close of a surprisingly busy trading session the FT-SE 100 Index was 12.3 higher at 3,070.4. The market's second liners, however, were much more subdued, with the FT-SE Mid 250 Index only 2.9 firmer at 3,466.6.

The upsurge on Wall Street, where the Dow Jones Average was up over 40 points some two hours after London closed, took traders in the UK by surprise. "It was always felt in London that the Federal Reserve would not move on rates until it had examined very closely all the economic details from the fourth quarter," said an economist at one of the leading UK banks. He said a minor reaction on Wall Street had been expected after the Fed news emerged. The Dow Jones closed the previous night down over 21 points although selling pressure was said to have been light.

One reason put forward by dealers to explain the strong performance by London share prices, apart from Wall Street's influence, was the unusually heavy level of customer business for a trading session so close to Christmas. Dealers pointed out that the business driving the market forward was entirely in the cash market: "Turnover in the future was the quietest for many months," said one derivatives specialist.

"There is still some very big business going on in the market and it is not just programme trading, it's genuine investment activity and it's very encouraging," said a senior marketmaker.

London has been driven ahead strongly in recent sessions by takeover activity, notably Trafalgar House's bid for Northern Electric and the agreed bid for Portals by De La Rue. Talk in the market over the past couple of weeks has centred on the potential for an upsurge of takeover activity in the first quarter of the New Year.

Turnover yesterday reached 584.9m by 5pm, with non-FT-SE stocks accounting for 65 per cent of the total. Customer business on Tuesday was an encouraging £1.3bn.

The eventual outcome of the day was a sharp reversal of early trends in the market. The FT-SE 100 had opened lower, down over eight points, unsettled by news of a price war in UK buildings insurance.

Little selling pressure developed across the wider market, however, and a better tone quickly became evident, especially in the property sector.

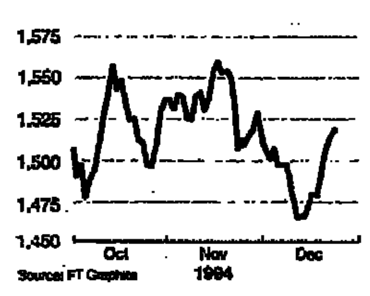
Sentiment was also given a big fillip by another sharp rise in Glaxo shares as the market continued to react to news that the US authorities had extended the US patent on the UK drug company's anti-ulcer drug Zantac for a further two years.

The 100 index moved into plus territory within an hour of the opening and thereafter improved to post a 10-point rise in mid-morning before turning off again during the early afternoon.

With Wall Street embarking on its strong rise in the late afternoon, the FT-SE 100 eventually closed at the day's best.

The Halifax Building Society's move to cut building insurance premiums by 20 per cent was seen as the first attempt by the building societies to head off a move into buildings insurance by Direct Line, the Royal Bank of Scotland subsidiary.

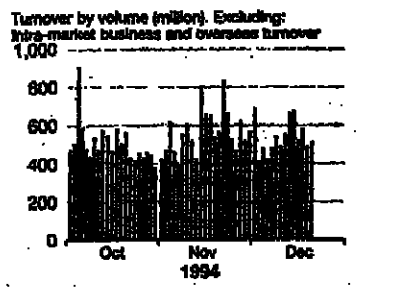
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3070.4	+12.3	FT Ordinary index	2355.7	+5.8
FT-SE Mid 250	3466.6	+2.9	FT-SE-A Non Fins p/e	18.02	(17.97)
FT-SE-A 350	1535.6	+5.1	FT-SE 100 Fut Dec	3092.0	+8.0
FT-SE-A All-Share	1519.48	+4.74	10 yr Gilt yield	8.57	(8.58)
FT-SE-A All-Share yield	4.03	(4.04)	Long gilt/equity yld ratio:	2.15	(2.14)

Best performing sectors

1 Pharmaceuticals .... +2.4
2 Property .... +1.5
3 Other Services & Bus .... +1.3
4 Water .... +1.1
5 Consumer Goods .... +1.1

Worst performing sectors

1 Insurance .... -2.1
2 Textiles & Apparel .... -0.7
3 Diversified Inds. .... -0.6
4 Household Goods .... -0.6
5 Engineering, Vehicles .... -0.5

Halifax move hits insurers

An announcement that the UK's largest building society, Halifax, would be cutting its household insurance premiums hit its main underwriter Sun Alliance and knocked the whole sector as the market appreciated that a fat earner was coming to an end.

Building societies have been able to charge high rates for their household cover, which is usually provided at the same time as the mortgage. However, increasing competition from outside – particularly the arrival of Direct Line, the Royal Bank of Scotland (RBoS) subsidiary, and reorganisation within the industry – has meant that margins are under pressure.

Sun Alliance takes around 70 per cent of the Halifax household cover, and some analysts estimate that the building society provides around 4 per cent of the company's premium income. SA fell 13 to 300p.

Some analysts argued that the news was an own goal for Sun Alliance, which had initiated the move. They felt that the group was attempting to show it was the most competitive in order to maintain its grip on the business ahead of the Halifax merger with the Leeds Building Society.

General Accident, which is the second underwriter for the Halifax, fell 11 to 519p, while Royal Insurance, the main underwriter for the Leeds, shed 9 to 279p. The Leeds and Halifax received merger clearance from the Monopolies and Mergers Commission yesterday. RBoS declined 8 to 407p.

Property stocks moved sharply ahead as the sector reacted to a press report suggesting that the Kuwaiti government had been offered £1.5bn by an investment consortium for its St Martins Property group. St Martins owns some of London's most valuable properties.

Hammerson climbed 15 to 342p, while British Land gained 16 at 376p, with Goldman Sachs reported to have been a particularly keen bidder for the stock for most of the session. Land Securities added a more modest 2 at 588p.

Volume for most property stocks remained light and dealers said the day's advance may have been overdone. One analyst commented: "There is relief in some quarters that someone is willing to put money into the property sector, but today's moves are clearly overdone."

Elsewhere in the sector, Stanhope improved 2 to 7p on hopes that the group's bankers will announce a financial rescue plan today. The market continues to believe that British Land will bid for Stanhope.

Pharmaceuticals leader Glaxo led the sector higher as the market absorbed news that the patent for Zantac, its key anti-ulcer treatment, was being extended.

Mr Paul Woodhouse of Smith New Court argued that the extra 19 months grace gave time for Glaxo's new key products – particularly its hepatitis B and influenza treatments – to kick in. The news has added to the sector enthusiasm drifting in from the US and helped to harden the bid premiums that have attached to some components. It ensured that Glaxo jumped 22½ to 685p, the Footsie's biggest percentage rise, on turnover of 14m shares. Wellcome was lifted 10 to 709p, SmithKline Beecham 8¼ to 472½p and Zeneca 12 to a record 899p.

Bid speculation generated buying of the regional electricity companies. The latest talk saw South Western move to the top of the list of bid candidates. No particular company was named as the most likely suitor, but one market watcher suggested it was unlikely to be another electricity company. The shares rose 10 to 863p.

Northern, already under siege from conglomerate Trafalgar House which last week announced a £1.2bn bid, gave up 2 to 1000p as dealers decided that the planned takeover was likely to be referred to the Monopolies and Mergers Commission.

There were strong hints late in the day that Swiss Bank, acting for Trafalgar, would launch a market raid on Northern today to buy up to 10 per cent of Northern's shares. Trafalgar hardened a penny to 75p. However, James Capel urged investors to sell, saying: "A profits recovery from the group's existing activities is already well discounted at the current share price."

Profit-taking left London Electricity 15 down at 747p. Among water stocks, the bid talk settled on Welsh Water, where the shares moved 15 ahead to 688p.

Food and drinks giant Allied Domecq slipped 10½ to 553½p in response to a 15 per cent devaluation of the Peso. Allied earns around 6 per cent of total trading profits from Mexico.

Greenalls Group relinquished 8 at 434p, with traders switching from the ordinary shares and into the convertible stock.

Invesco was the most heavily traded stock in London after Istituto Mobiliare Italiano (IMI) sold most of its 24.75m shares in the company. The placing was carried out by Lehman Brothers. The shares eased a penny to 163p.

Telegraph jumped 33 to 390p as Hollinger, the parent group, said it intended to buy back 7m shares at 450p a share.

Specialty chemicals group Hickson International plunged after the group warned that profits would be hit because of the loss of a soap powder contract for next year. The shares closed 12 lower at 114p.

Cable television group TeleWest Communications wilted 3 to 176½p. Recently floated at 182p, they have been hit by flow-back from the US tranche of the issue.

Mobile phones group Vodafone rose 4½ to 211p ahead of subscriber figures for the key Christmas quarter. Hoare Govett estimates 20 per cent growth over the September quarter.

Vickers declined for the second day running in spite of the way most analysts found clear favour with the engines collaboration deal between the group's Rolls-Royce Motor Cars subsidiary and BMW, of Germany. The shares softened 2½ to 176p.

A reduce note from NatWest which set a target price of 134p helped to clip British Steel, but after a steady two-way business the shares ended unchanged at 157p on 4.4m turnover.

Alfred McAlpine and aggregates group Bardon stood out among construction shares. McAlpine advanced 8 to 171p while Bardon, heavily dealt in turnover of 10m, was a penny better at 31p.

Several agency crosses at 30½p accounted for the bulk of the Bardon trading as the shares came in for a buy recommendation from UBS.

Textiles group Coats Viyella drifted down 5 to 189p as the latest trading statement failed to bring any obvious cheer to a sector under pressure from raw material prices and soft sales.

MARKET REPORTERS:
Peter John, Joel Kibazo, Jeffrey Brown.

■ Other statistics, Page 18

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (21).
BLDG MATLS & MCHTS (1) Eclipse Blinds, ELECTRNC & ELECT EQUP (2) Alba, Telspec, ENGINEERING (1) Cobham, ENG, VEHICLES (1) Irish Permanent, EXTRACTIVE INDS (1) Impala Plat, FOOD MANUF (1) Greencore, INVESTMENT TRUSTS (2) Brazilian, Kleinwort High Income Zero Div Prf, LEISURE & HOTELS (1) Chrysalis, LIFE ASSURANCE (1) Liberty Life Assoc of Africa, MEDIA (1) Metal Bulletin, OIL, INTEGRATED (1) Woodside, OTHER FINANCIAL (1) Jupiter Tyndall, PHARMACEUTICALS (4) Lilly (Eli), SmithKline Beecham A, Do. Equity Units, Zeneca, PRTNG, PAPER & PACKG (1) Seppl, AMERICANS (2) Amdahl, Gillette.
NEW LOWS (63).
GILTS (2) BANKS (1) First Natl. Finance, BUILDING & CNSTRN (2) Edmond, Try, BLDG MATLS & MCHTS (1) Spring Ram, CHEMICALS (2) Hickson Intl., Wardle Storeys, DIVERSIFIED INDLS (2) Amer A, Staveley Inds., ELECTRNC & ELECT EQUP (1) Kenwood Appliances, ENGINEERING (4) APV, FKI, Molins, Morgan Crucible, ENG, VEHICLES (1) Motor World, FOOD MANUF (2) JLI, Pascoe's, HEALTH CARE (2) Amersham Intl, M.L. Labs, HOUSEHOLD GOODS (2) Creighton Naturally, Jeyes, INVESTMENT TRUSTS (15) INVESTMENT COMPANIES (1) Guangdong Devlpt Wts, LEISURE & HOTELS (2) Barr & Wallace Arnold Tst, Do. A, LIFE ASSURANCE (1) Transatlantic, MEDIA (5) Barbour Index, News Intl, Special Div., United Newspapers, OIL EXPLORATION & PROD (1) XCL Sera A Pfd, OIL, INTEGRATED (1) Burmah Castrol, OTHER FINANCIAL (2) Berry, Birch & Noble, Sharelink Inv Servs, OTHER SERVS & BUSNS (1) Waste Man Intl, PRTNG, PAPER & PACKG (1) Bnt. Thornton, PROPERTY (4) Clarke, Nicholls & Coombs, Fletcher King, Hambro Countrywide, Newport, RETAILERS, GENERAL (2) Body Shop, Fine Art Devlps., SPIRITS, WINES & CIDERS (1) Merrydown, SUPPORT SERVS (3) Clinical Computing, Spargo Cons., Warner Howard, TEXTILES & APPAREL (4) Baird (Wm.), Rexmore, Sherwood, Simms, AMERICANS (1) Pennzoil.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures made further progress and in late, screen-based trading the FT-SE 100 March contract climbed back above the 3,100 level, *writes Jeffrey Brown.*

Activity remained nominal, with the March contract notching up just 2,939 lots during pit trading and only slightly topping 6,500 when screen trading finally came to an end.

At the official close, the March contract stood at 3,093, up eight points, taking its advance over the past four sessions to 100 points. The premium to the cash market was 28 points, or five points above fair value.

Traders said the market had just about given up for the year. In contrast, stock options provided an abundance of features, with a number of big volumes showing through as December options expired, and Glaxo and HSBC (both January options) meeting with some heavy, genuine two-way business.

Spurred by position-closing and rollovers as December options came to an end, British Gas, Barclays and Abbey National were the three most active options. British Gas clocked up 4,225 lots. Among January options, Glaxo saw 2,803 and HSBC 1,002.

Total volume was 41,589 – up from 29,443 on Tuesday – with calls accounting for 24,752 and puts 16,837. FT-SE and Euro FT-SE volume was almost 28,000 lots.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3078.0	3092.0	+8.0	3111.0	3072.0	6554	55100
Jun		3104.5	+7.5			0	2925

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3490.0	3493.0	-2.0	3490.0	3490.0	25	3697

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jan	-	3480.0	-	-	-	-	-

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3065) £10 per full index point

	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P
Jan	194½	10½	152	17½	112½	28	77½	46	48½	70½	28½	103	18	142	8	186
Feb	217	25½	178½	37½	142½	52	111	71	82	92	68	121	48½	154	27	192½
Mar	233	43	197	57	162	73	133	94	104	115½	82	143½	61	173	45½	209
Apr	242	54	287	67	178½	89	149½	108½	122½	132	104½	162½	83½	197½	68½	232
Jun†	289½	72			206	106½			149½	149½			195	206		

Calls 5,720 Puts 6,309

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P
Jan	168½	13½	128½	22½	92½	36	62	55½	39	82	22	114½	11½	153½	5½	197½
Feb	195	28½	157½	40½	124	58½	94½	77	79	101½	58	131	34½	165	23	203
Mar	210	45½	175	59½	143	77	114½	98	89½	122	68½	150½	51	182	37½	218
Jun	256	81½			194	116½			141	160½			97½	214½		
Sept†	292	97			232	132			179	175			134½	225½		

Calls 233 Puts 1,078 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

3350 3400 3450 3500 3550 3600 3650 3700
Jan 91½ 55½ 65¼ 77½ 45½ 108¼

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	1,400	331	+1
ASDA Group†	3,500	65	+¼
Abbey National†	3,000	428½	+4½
Albert Fisher	2,500	46	
Allied Domecq†	1,900	553½	-10½
Anglian Water	158	507	+12
Argos	158	345	
Argyll Group†	1,600	258	+5
Arjo Wiggins†	944	238½	-1
Assoc. Brit. Foods†	470	569	+4
Assoc. Brit. Ports	180	277	-1
BAA†	1,200	471	-1
BAT Inds.†	4,100	443	
BET	2,000	102½	-1
BICC	427	349	+8
BOC†	739	712	
BP†	4,700	429½	+2½
BPB Inds.	817	287	
BT†	7,600	382	+3
BTR†	4,600	299½	-1
Bank of Scotland†	1,100	208	-2
Barclays†	4,700	614	+4
Bass†	865	519	+2
Blue Circle†	2,100	287	+5
Booker	223	403	
Boots†	593	490	-1
Bowater†	718	418	-2½
Brit. Aerospace†	1,200	426	-2
British Airways†	1,000	368	+1
British Gas†	8,400	307½	-½
British Land	1,400	376	+16
British Steel†	4,400	157	
Bunzl	2,000	172	+1½
Burmah Castrol†	1,000	784	-1
Burton	5,200	69¼	+½
Cable & Wire†	2,700	378	+3
Cadbury Schweppes†	2,700	420	+6
Caradon†	1,100	255	-7
Carlton Comms.†	945	876	+4
Coats Viyella	2,600	189	-5
Comm. Union†	579	517	-7
Cookson	586	235	-2
Courtaulds†	593	447	+3
Dalgety	810	419	-5
De La Rue†	1,100	923	+1
Dixons	2,500	184	+2½
Eastern Elect.†	352	785	-8
East Midland Elect.	567	826	-14
Electrocomps	170	472	-2
Eng China Clays	235	352	+2
Enterprise Oil†	409	385	+1
Eurotunnel Units	918	276	+8
FKI	1,100	145	-6
Fisons	1,700	113	+2
Foreign & Col. I.T.	1,600	133	-½
Forte†	1,800	240	-1
Gen. Accident†	1,700	519	-11
General Elect.†	3,100	275½	-2
Glaxo†	14,000	685	+22½
Glynwed	293	333	-3
Granada†	817	496	+3
Grand Met.†	2,500	403	+2
GUS†	590	581½	-2½
GRE†	2,100	175	-3
GKN†	861	567	-5
Guinness†	1,300	449½	+2½
HSBC (75p shs)†	1,600	718	+8
Hammerson	1,100	342	+15
Hanson†	5,100	232¼	-2¼
Harrisons Crosfield	1,400	142	-2
Hays	892	285	
Hillsdown	1,200	176	+2
IMI	723	315	-3
ICI†	1,100	767½	+5½
Inchcape†	[illegible]	[illegible]	[illegible]
Johnson Matthey	[illegible]	[illegible]	[illegible]
Kingfisher†	[illegible]	[illegible]	[illegible]
Kwik Save	[illegible]	[illegible]	[illegible]
Ladbroke†	[illegible]	[illegible]	[illegible]
Land Securities†	[illegible]	[illegible]	[illegible]
Laporte	[illegible]	[illegible]	[illegible]
Legal & General†	[illegible]	[illegible]	[illegible]
Lloyds Abbey	[illegible]	[illegible]	[illegible]
Lloyds Bank†	2,100	574½	+7½
LASMO	1,800	143	+1½
London Elect.	426	747	-15
Lonrho	14,000	149	-½
Lucas	1,400	199	-1
MEPC†	1,400	380	+2
MFI	946	125	+½
Manweb	93	838	-16
Marks & Spencer†	3,800	392	+3
Midlands Elect.	124	791	-13
Morrison (Wm.)	295	138	+1
NFC	1,400	184	-2
NatWest Bank†	3,000	514½	+2½
National Power†	2,300	482	+3
Next	688	251	-1½
North West Water†	1,100	529	+8
Northern Elect.	1,900	1000	-2
Northern Foods†	2,700	213	+3
Norweb	49	829	-8
Pearson†	2,400	582	+4½
P & O†	845	607	-4
Pilkington	905	164	
PowerGen†	1,000	526	+5
Prudential†	1,800	316½	-1½
RMC†	289	965	-4
RTZ†	1,300	827	-5
Racal	1,100	212	-5
Rank Org.†	4,000	408½	-½
Reckitt & Colman†	938	590	-5
Redland†	1,000	457	-1
Reed Intl.†	507	791	+3
Rentokil†	866	225	-½
Reuters†	1,500	472	+3
Rolls Royce†	5,300	174	+2
Ryl Bk Scotland†	2,100	407	-8
Royal Insurance†	1,800	279	-9
Sainsbury†	1,000	404	+3
Schroders†	14	1459	
Scottish & New.†	407	508	+1
Scot. Hydro-Elect.	2,400	318	-3½
Scottish Power†	472	398	-3½
Sears†	472	109	+1½
Sedgwick	480	168	-2
Seaboard	601	447	-5
Severn Trent†	863	523	+6
Shell Transport†	2,800	697	+1
Siebe†	939	542	+3
Slough Ests	1,100	226	+11
Smith (W.H.)	894	465	-3
Smith & Nephew†	3,600	153½	
SmKl Beecham†	5,800	472½	+8½
SmKl Beecham Uts.†	5,200	436	+10
Smiths Inds.	255	433	
Southern Elect.†	853	770	-3
South Wales Elect.	69	862	-4
South West Water	139	523	+4
South West. Elect.	665	867	+10
Southern Water	343	568	+2
Standard Chartd.†	902	266	+2
Storehouse	3,600	209	-4½
Sun Alliance†	3,200	300	-13
T&N	2,000	159	-1
TI Group†	641	370	-2
TSB†	1,000	236	+2
Tarmac	4,200	124½	+½
Tate & Lyle	1,700	428	+5
Taylor Woodrow	1,700	130	
Tesco†	1,100	236	-1
Thames Water†	828	477	+1
Thorn EMI†	514	1013	-1
Tomkins†	644	214	-1
Trafalgar House	826	75	+1
Unigate	464	343	+3
Unilever†	777	1147	+6
United Biscuits†	657	327	+1
Utd. Newspapers	817	474	-8
Vodafone†	5,000	211	+4½
Warburg (SG)†	663	688	-3
Wellcome†	4,400	709	+10
Welsh Water	1,400	638	+15
Wessex Water	971	288	+6
Whitbread†	1,000	567	+7
Williams Hldgs.†	5,500	322	+1
Willis Corroon	5,900	137	-3
Wimpey	2,800	130	-2
Wolseley†	764	778	+13
Yorkshire Elect.	94	687	-7
Yorkshire Water	304	496	+1
Zeneca†	7,900	899	+12

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † indicates an FT-SE 100 index constituent. All trades are rounded.

FT - SE Actuaries Share Indices — The UK Series

	Dec 21	Day's chge%	Dec 20	Dec 19	Dec 16	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3070.4	+0.4	3058.1	3034.4	3013.6	3355.7	4.20	7.26	16.26	129.60	1172.25
FT-SE Mid 250	3466.6	+0.1	3463.7	3460.0	3437.1	3727.0	3.64	6.20	19.28	138.17	1305.38
FT-SE Mid 250 ex Inv Trusts	3467.8	+0.1	3464.5	3461.0	3436.3	3718.3	3.79	6.72	17.93	144.61	1303.80
FT-SE-A 350	1535.6	+0.3	1530.5	1521.0	1510.7	1672.3	4.07	7.02	16.98	64.02	1199.54
FT-SE SmallCap	1740.00	+0.1	1738.21	1735.61	1730.98	1821.33	3.50	5.06	25.16	58.21	1359.25
FT-SE SmallCap ex Inv Trusts	1709.10	+0.1	1707.17	1704.45	1699.77	1776.05	3.71	5.61	23.02	58.39	1339.61
FT-SE-A ALL-SHARE	1519.48	+0.3	1514.74	1505.86	1496.05	1651.07	4.03	6.88	17.27	62.38	1207.08

■ FT-SE Actuaries All-Share

	Dec 21	Day's chge%	Dec 20	Dec 19	Dec 16	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2683.27	+0.2	2677.45	2666.46	2652.28	2513.40	3.54	5.10	24.81	89.83	1083.29
12 Extractive Industries(4)	3747.01	-0.5	3764.98	3726.20	3730.13	3586.89	3.43	5.46	22.58	98.62	1033.96
15 Oil, Integrated(3)	2663.33	+0.3	2654.09	2646.27	2628.93	2470.57	3.65	5.64	22.08	98.44	1099.85
16 Oil Exploration & Prod(11)	1854.89	+0.4	1847.44	1842.90	1830.84	1754.37	2.65	‡	‡	38.03	1073.09
20 GEN MANUFACTURERS(266)	1817.51	-0.2	1820.85	1813.14	1800.19	1997.86	4.29	5.79	20.86	77.61	934.70
21 Building & Construction(33)	978.14	+0.1	977.02	974.91	980.93	1257.93	4.00	5.96	22.16	38.05	772.32
22 Building Matls & Merchs(32)	1770.45	+0.2	1766.04	1753.60	1730.90	2195.64	4.22	5.81	20.74	75.39	842.55
23 Chemicals(23)	2268.23	+0.3	2261.10	2252.39	2240.40	2243.38	4.16	4.75	26.23	95.25	1013.46
24 Diversified Industrials(16)	1727.06	-0.6	1737.86	1723.35	1708.42	2021.84	5.42	6.68	17.29	93.65	893.89
25 Electronic & Elect Equip(33)	1846.55	-0.2	1849.37	1832.42	1824.09	2037.16	4.16	6.87	17.33	76.35	912.43
26 Engineering(71)	1774.53	-0.2	1777.80	1780.43	1774.81	1766.44	3.41	5.57	21.10	60.53	1022.64
27 Engineering, Vehicles(12)	2161.52	-0.5	2173.11	2177.73	2166.56	2087.85	4.64	1.58	80.00†	94.31	1058.10
28 Printing, Paper & Pckg(26)	2711.28	-0.2	2715.91	2721.43	2702.27	2628.30	3.29	5.76	20.21	88.74	1073.12
29 Textiles & Apparel(20)	1502.62	-0.7	1512.52	1503.89	1501.67	1812.38	4.49	6.59	19.68	66.01	880.16
30 CONSUMER GOODS(98)	2822.77	+1.0	2794.59	2763.30	2743.16	2949.24	4.30	7.22	16.08	121.70	980.89
31 Breweries(17)	2200.94	+0.3	2194.06	2186.90	2194.83	2318.09	4.37	8.19	14.73	97.73	1002.67
32 Spirits, Wines & Ciders(10)	2737.07	......	2736.74	2716.34	2695.58	3030.66	4.17	6.95	16.62	113.28	925.43
33 Food Manufacturers(24)	2299.29	+0.7	2284.25	2272.72	2266.99	2435.36	4.32	7.69	15.39	103.17	977.68
34 Household Goods(13)	2378.09	-0.6	2391.70	2383.54	2362.48	2749.17	3.84	7.63	15.80	90.83	861.51
36 Health Care(21)	1554.84	+0.2	1551.27	1546.91	1543.88	1737.89	3.25	3.54	39.87	51.92	908.00
37 Pharmaceuticals(12)	3355.89	+2.4	3278.21	3211.78	3173.43	3162.52	4.02	6.41	18.03	133.07	1076.53
38 Tobacco(2)	3700.05	......	3700.31	3664.53	3624.09	4483.97	5.81	9.85	11.08	217.07	844.01
40 SERVICES(219)	1868.11	+0.2	1864.93	1856.67	1842.33	2040.67	3.36	6.85	17.59	65.36	925.82
41 Distributors(30)	2508.39	-0.4	2516.80	2508.23	2480.83	2919.81	3.85	7.38	16.04	93.56	875.82
42 Leisure & Hotels(25)	2090.63	+0.1	2088.30	2077.71	2067.01	2055.24	3.40	5.31	22.04	63.90	1036.74
43 Media(39)	2799.14	+0.6	2783.10	2787.49	2782.04	2926.55	2.52	5.46	21.37	71.49	974.65
44 Retailers, Food(16)	1713.71	+0.5	1704.70	1696.14	1688.04	1679.99	3.84	9.30	13.19	65.24	1034.21
45 Retailers, General(46)	1554.11	......	1554.13	1536.83	1520.76	1841.93	3.43	7.46	16.67	69.39	845.86
48 Support Services(41)	1451.84	-0.2	1454.87	1450.02	1441.35	1654.53	2.96	6.76	17.42	41.60	888.40
49 Transport(16)	2194.61	......	2195.38	2197.70	2186.09	2556.68	3.88	6.35	18.53	72.24	886.81
51 Other Services & Business(8)	1247.41	+1.3	1230.96	1231.51	1220.84	1186.05	3.58	3.88	35.93	38.11	1062.32
60 UTILITIES(37)	2391.49	+0.4	2382.93	2371.54	2358.98	2678.79	4.48	7.80	15.62	119.51	939.34
62 Electricity(17)	2516.50	-0.4	2526.79	2536.71	2505.44	2498.81	3.87	9.96	12.01	132.57	1067.55
64 Gas Distribution(2)	2032.81	-0.1	2035.64	2022.86	2033.44	2211.78	5.89	‡	‡	119.82	954.79
66 Telecommunications(5)	1979.46	+0.9	1961.58	1936.22	1930.19	2416.08	4.13	7.65	16.20	83.93	859.09
68 Water(13)	1782.12	+1.1	1763.21	1765.92	1755.14	2082.79	5.63	13.79	7.89	99.88	906.34
69 NON-FINANCIALS(699)	1640.62	+0.3	1635.37	1625.55	1614.50	1758.52	4.02	6.65	18.02	67.53	1171.68
70 FINANCIALS(106)	2165.55	+0.3	2158.46	2145.22	2132.07	2527.18	4.45	9.16	12.66	95.79	864.35
71 Banks(10)	2893.26	+0.8	2870.57	2842.63	2831.74	3282.60	4.20	10.11	11.34	120.90	871.29
73 Insurance(17)	1174.50	-2.1	1200.14	1203.96	1192.35	1489.63	5.45	10.39	10.97	63.13	812.11
74 Life Assurance(6)	2362.72	-0.2	2367.37	2358.22	2323.93	2699.97	5.41	7.89	15.46	127.82	914.40
75 Merchant Banks(6)	2941.13	-0.1	2944.97	2917.58	2930.26	3418.24	3.53	9.45	12.31	103.78	893.28
77 Other Financial(26)	1826.86	+0.2	1825.13	1826.00	1810.60	1903.77	4.09	8.44	14.25	70.54	984.88
79 Property(43)	1388.11	+1.5	1367.90	1362.97	1350.93	1792.48	4.38	4.86	26.74	59.87	804.55
80 INVESTMENT TRUSTS(124)	2686.41	+0.1	2684.61	2680.81	2675.55	2936.38	2.37	1.98	50.42	65.15	907.38
89 FT-SE-A ALL-SHARE(671)	1519.48	+0.3	1514.74	1505.86	1496.05	1651.07	4.03	6.88	17.27	62.38	1207.08

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3049.9	3062.5	3068.7	3059.3	3058.7	3055.9	3056.8	3058.2	3068.3	3070.4	3049.6
FT-SE Mid 250	3462.0	3464.7	3468.8	3462.4	3462.0	3460.1	3459.7	3461.6	3465.0	3469.2	3459.6
FT-SE-A 350	1527.2	1532.3	1535.1	1530.9	1530.6	1529.3	1529.6	1530.3	1533.4	1535.6	1527.1

Time of FT-SE 100 Day's high: 4.30pm Day's low: 8.31am. FT-SE 100 1994 High: 3520.3 (2/2) Low: 2876.6 (24/6).

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	922.9	922.1	925.0	924.2	923.4	923.3	922.8	921.9	922.5	922.5	923.8	-1.3
Pharmaceuticls	3260.0	3261.0	3296.1	3296.6	3291.0	3294.8	3298.2	3298.9	3322.7	3331.7	3254.0	+77.7
Water	1757.9	1763.6	1769.9	1768.1	1770.0	1775.6	1776.1	1778.5	1779.4	1779.2	1760.1	+19.1
Banks	2900.8	2913.4	2920.7	2915.2	2913.4	2912.5	2911.7	2910.9	2918.4	2930.3	2907.3	+23.0

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL.
The FT "500" has been renamed FT-SE-A Non-Financials Index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. CONSTITUENT CHANGES: DELETION: Control Techniques (23).

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls			Puts		
[illegible]							
Coats Union (*516)	543	4½	15	-	29	49	-
ICI	750	27½	45½	57½	11	34	40½
(*765)	800	6	22	35	40	64	69½
Kingfisher	420	21½	35½	41½	6	16	24½
(*432)	460	4	18	23	29½	37½	47
Land Secur	550	40½	53½	60	1	5½	12½
(*587)	600	8	22½	28½	18½	23	34½
Marks & S	380	18½	23½	29	8½	14	19½
(*391)	420	1½	10½	15½	30	32	37½
NatWest	500	22½	35	46	8½	28	32
(*511)	550	3½	14	25	40½	59	62
Sainsbury	390	18½	33½	40½	4	11½	20½
(*403)	420	5	18	25	19½	28½	36
Shell Trans.	650	49	58½	64½	½	10	12
(*695)	700	12	25	34½	12½	31	33
Storehouse	200	11½	18	22	3	6½	9½
(*208)	220	2	8	12½	13½	17	20
Trafalgar	70	5½	9	12	1½	4½	6
(*75)	80	1	4½	7½	7½	10	11½
Unilever	1100	54½	78½	98	4½	22	34½
(*1145)	1150	21½	46½	61½	21½	45½	57½
Zeneca	850	55½	71½	83	6	20	29
(*898)	900	21	39½	55	23½	42½	51½
Option		Feb	May	Aug	Feb	May	Aug
Grand Met	390	19½	30½	37½	12½	18½	24½
(*402)	420	7	17½	24	32	36	41
Ladbroke	160	11	14	28½	4½	12	13
(*163)	180	3	6	12	17½	24½	25
Utd Biscuits	300	31½	36	40	2	9	12
(*328)	330	11½	17½	24	12	23½	28½
Option		Dec	Mar	Jun	Dec	Mar	Jun
Fisons	110	2	12	15½	-	7	10½
(*112)	120	-	7½	11	8	13	16
Option		Feb	May	Aug	Feb	May	Aug
Brit Aero	409	32	44½	-	11	23½	-
(*425)	448	13½	27	-	31½	45	-
BAT Inds	420	32½	42	44½	8	18	25½
(*442)	460	11	21	26½	25	40	47
BTR	280	15½	19½	25½	7	15½	18½
(*286)	300	6½	10½	16½	18	27½	30
Brit Telecom	360	27	38	46	3½	7	12½
(*381)	390	9	20½	28	15½	19½	26½
Cadbury Sch	390	36½	42	47	2½	9½	12
(*419)	420	16½	24	30	11	23	25½
Eastern Elec	750	37	69	71	24½	39½	52
(*765)	800	16	37½	49	53½	67½	80
Guinness	420	34½	42½	47½	2½	9½	13
(*448)	460	8½	19	26	17½	26½	32
GEC	260	20½	27½	31½	2	4½	9
(*275)	280	8	16½	20	9½	12	18½

Option		Calls			Puts		
[illegible]							
Option		Jan	Apr	Jul	Jan	Apr	Jul
BAA	450	24½	37½	-	2½	10	-
(*470)	475	9	22½	-	12	20½	-
Thames Wtr	460	22½	38½	47½	4½	12½	23
(*476)	500	5½	20	27	26½	33½	45
Option		Dec	Mar	Jun	Dec	Mar	Jun
Abbey Natl	420	5	21	28½	-	20	28½
(*425)	460	-	5½	14	35	47½	52½
Amstrad	125	10	15	19	-	4	6½
(*135)	150	-	4	8	15	18½	20½
Barclays	600	11	37	47	-	23	32½
(*611)	650	-	16	25	39	54	62
Blue Circle	280	5½	20½	26½	-	10½	19
(*285)	30	-	11½	17½	14½	21½	30½
British Gas	300	7½	19	28	-	7½	14½
(*307)	330	-	6	12	22½	25	32
Dixons	180	3½	13	18½	-	9	13
(*183)	200	-	5	10	16½	21½	4½
Hillsdown	160	16	20½	23	-	1½	6
(*176)	180	-	7½	11½	4	8½	16
Lonrho	140	9	13½	18	-	5½	7½
(*149)	160	-	4½	9	11	14½	19
Natl Power	460	18½	36½	48	-	10½	20
(*478)	500	-	15½	29	21½	30	40½
Scot Power	330	5	19½	31	-	17½	23½
(*335)	360	-	8	19	25	36½	41
Sears	100	8½	12½	13½	-	2½	4½
(*108)	110	-	7	8	1½	6½	9
Forte	240	-	12	17½	-	10½	17
(*240)	260	-	4½	9½	20	23	29
Tarmac	120	4½	12½	16	-	6	10½
(*124)	130	-	7½	11	5½	11½	15½
Thorn EMI	1000	12½	48	73½	-	23	31½
(*1012)	1050	-	24	47½	37½	50	56½
TSB	220	17½	23	26½	-	6½	9½
(*237)	240	-	11	16	2½	16	19
Tomkins	200	13½	18	24½	-	5	7½
(*213)	220	-	7½	14	6½	14½	16½
Wellcome	700	5	44½	60	-	36½	49
(*705)	750	-	23½	30½	45	67	78½
Option		Jan	Apr	Jul	Jan	Apr	Jul
Glaxo	650	42½	60	75½	7	25	33
(*682)	700	14	34	49½	8½	50	58
HSBC 75p shs	700	31½	54	66½	11½	39½	48
(*715)	750	9	31	44½	40	69	77½
Reuters	460	20½	33	44	6½	19	25½
(*471)	500	5	15½	26	31	41½	48
Option		Feb	May	Aug	Feb	May	Aug
Rolls-Royce	160	16½	20½	24	2	5½	8
(*173)	180	5	10	13½	10½	15½	18

* Underlying security price. Premiums shown are based on settlement prices.
December 21, Total contracts: 35,147 Calls: 13,344 Puts: 21,803

FT GOLD MINES INDEX

	Dec 20	% chg on day	Dec 19	Dec 16	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1894.80	+1.1	1875.28	1853.68	2188.37	2.31	2367.40	1762.82
■ Regional Indices								
Africa (16)	3047.58	+1.5	3002.30	2935.42	3107.30	4.60	3711.87	2304.45
Australasia (7)	2340.52	+0.2	2335.95	2326.90	2550.20	2.22	3013.69	2171.66
North America (11)	1487.40	+1.0	1473.09	1463.13	1872.68	0.88	2039.65	1417.00

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index: Dec 21: 239.4 ; day's change: +10.2 points; Year ago: 242.6 † Partial. Latest prices were unavailable for this edition.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	46	11	13
Other Fixed Interest	0	0	14
Mineral Extraction	68	43	85
General Manufacturers	133	110	385
Consumer Goods	51	33	101
Services	87	79	325
Utilities	17	17	9
Financials	123	57	186
Investment Trusts	47	44	373
Others	49	27	41
Totals	621	421	1532

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	December 19	Expiry	March 23
Last Dealings	January 6	Settlement	April 6

Calls: Air London, HTV, Huntingdon, Marine & Merc, MR Data Mngmnt, Tullow, Tusker. Puts: Marine & Merc, MR Data Mngmnt.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	4.79	96	90½	Asset Man Inv	95		-	-	-	-
-	F.P.	4,399.1	259	256	BSkyB	256½	-1	N-	-	-	48.3
-	F.P.	68.5	173	133	Clydeport	166		RN3.51	-	2.6	-
100	F.P.	19.4	130	97	Euclidian	97	-4	-	-	-	-
-	F.P.	470.0	495	468	Fidelity Spec Uts	470	+2	-	-	-	-
100	F.P.	10.8	101	98	Finsbury Smlr C	98		-	-	-	-
$10	F.P.	37.2	625	615	First Russian Fr	620		-	-	-	-
100	F.P.	46.0	94	91	Fleming Nat Res	92		-	-	-	-
100	F.P.	30.0	106	98½	For & Col Emrg C	104½	+¼	-	-	-	-
500	F.P.	213.0	500	490	Gartmore Mic Uts	500	+2	-	-	-	-
80	F.P.	10.9	83	83	Hydro Intl.	83		RN-	-	-	33.8
-	F.P.	28.8	100	90	INVESCO Korea C	96		-	-	-	-
120	F.P.	25.6	123	123	Innovative Techs	123		N-	-	-	-
100	F.P.	27.0	103	100	Kiln Capital	100		F4.0	-	5.0	-
100	F.P.	59.4	101	99	Leg & Gen Recvry	99		-	-	-	-
§3	F.P.	5.55	3½	3	MICE Group	3¼		bN0.1	3.2	3.7	10.4
100	F.P.	43.0	94	82	Matheson Lloyds	86		-	-	-	-
100	F.P.	59.8	92	88	Murray Emrg Econ	92		-	-	-	-
-	F.P.	14.7	145	138	RAP Group	138		RN4.85	2.1	4.2	10.8
175	F.P.	34.5	210	203	RM	205		N4.8	3.1	2.9	13.2
-	F.P.	5.53	108	101	Residential Prop	101		-	-	-	-
120	F.P.	63.5	144	120	SeaPerfect	129		-	-	-	-
182	F.P.	1,512.4	188	175½	Telewest	176½	-3	-	-	-	-
100	F.P.	17.6	102	102	Wellington Un.	102		-	-	-	-

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
190	Nil	25/1	30pm	16pm	Cowie	25pm	
100	Nil	25/1	27pm	16pm	Division Grp	16pm	-6
120	Nil	6/1	17pm	15pm	Inspirations	15pm	
53	Nil	31/1	1½pm	¾pm	MY	¾pm	
37	Nil	3/1	5pm	2pm	OMI	2pm	
12	Nil	3/1	1½pm	¼pm	Saltire	¼pm	
10	Nil	-	½pm	½pm	Tomorrows Leis	½pm	

FINANCIAL TIMES EQUITY INDICES

	Dec 21	Dec 20	Dec 19	Dec 16	Dec 15	Yr ago	*High	*Low
Ordinary Share	2355.7	2349.9	2331.1	2314.3	2289.7	2513.7	2713.6	2240.6
Ord. div. yield	4.43	4.44	4.48	4.51	4.55	3.69	4.61	3.43
Earn. yld. % full	6.49	6.51	6.56	6.61	6.67	4.18	6.75	3.82
P/E ratio net	17.74	17.68	17.58	17.47	17.29	30.16	33.43	16.94
P/E ratio nil	17.26	17.20	17.15	17.03	16.87	27.96	30.80	16.67

*For 1994. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2342.8	2352.0	2355.7	2348.4	2347.9	2345.9	2346.7	2347.6	2352.9	2356.1	2342.8

	Dec 21	Dec 20	Dec 19	Dec 16	Dec 15	Yr ago
SEAQ bargains	18,748	20,673	21,210	20,881	19,370	30,735
Equity turnover (£m)†	-	1305.8	1275.8	1541.1	1184.8	1561.9
Equity bargains†	-	25,871	29,336	26,823	25,200	35,601
Shares traded (m)†	-	516.9	493.2	589.7	518.5	892.1

†Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£22⅛	-⅛	£25¼	£19⅝	6,898	5.0	♦
ANZ A$		206	+1	278½	171	2,741	9.0	♦
Abbey National	†N□	420½	+4½	523	380½	3,985	4.6	14.3
Allied Irish IE	♦†N□	288	—	314	235	1,779	4.9	9.9
Anglo Irish IE	N□	54xd	—	70	50	185.8	8.2	♦
Asahi Y	□	744	+6	818½	628	17,278	0.6	♦
Banco Bil Viz Pta	□	£14⅝	-⅛	£17	£14½	3,776	6.1	7.3
Banco Sant Pta		£26⅝	—	£30½	£23¾	3,721	5.8	8.6
Bk Ireland IE	†N□	280½	+1	330	246	1,371	5.0	8.4
Bank Scotland	♦†N□	208	-2	247	172½	2,431	3.2	11.7
9¼pc Pf		117¼	+¼	141½	106	117.8	9.8	—
9⅞pc Pf		123¾	+½	148½	111¼	123.8	9.8	—
Barclays	♦†N□	614	+4	640	487	10,008	3.4	18.9
Dai Ichi Kan Y	□	£12¼	+¼	£13⅞	£10⅞	37,848	0.5	—
Deutsche DM	□	£286½	+1⅞	£344¾	£270⅞	14,003	2.3	—
Espirito Santo	□	59¾	—	£13⅞	£7¾	174.5	4.7	4.1
First Nat Fin	N□	98½	-½	99	88½	98.7	3.2	-
6.3pc Cv Pf		69xd	—	90	68	4.57	11.5	—
7pc Cv Pf		111xd	—	171	110	82.7	7.9	-
Fuji Bank Y	□	1376¼	+2¾	1648¼	1152½	39,870	0.4	♦
HSBC HK	†N□	711	+10	1133	684	12,472	4.3	10.3
HSBC (75p Shs)	†N□	718	+8	1113	680	6,117	4.3	10.4
Irish Permanent	♦N□	228	+1	228	205	173.0	5.3	7.9
Lloyds	†N□	574½	+7½	660	519	7,451	5.0	11.3
Mitsubishi Y	□	£16⅛	-⅛	£19⅞	£13⅞	43,978	0.4	♦
Mits Tst & Bk Y	□	673	+24	1162¼	667½	11,880	0.5	15.3
Mitsui Tst & Bk Y	□	562½	+7½	879	514	7,887	0.8	22.1
Nat Aust A$		517	-5	628¼	472	6,920	7.1	♦
NatWest	†N□	514½	+2½	622	421	8,824	4.7	9.6
Oranzeno Fl		£21½	—	£33	£21	107.6	6.6	♦
Rgl Bk Scotland	♦†N□	407xd	-6	528	377½	3,290	4.2	9.8
Sakura Y	□	682	+⅛	£9⅛	£8¼	28,402	0.8	62.5
Sanwa Y	□	£12⅛	+⅛	£15¼	£11⅞	36,670	0.5	—
Standard Chartd	†N□	266	+2	359¼	223	2,757	2.8	9.8

CHEMICALS

DISTRIBUTORS

BREWERIES

BUILDING & CONSTRUCTION

DIVERSIFIED INDUSTRIALS

BUILDING MATS. & MERCHANTS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

هكذا من الاصل

هكذا من الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's
Royal Bk Can	13	—	15¾	12	4,080	4.1
TVX Gold ♥	408¼p	+¼	480½p	336¼p	606.4	-
Toronto-Dom	9⅝xd	+⅛	11¼	9¼	2,878	4.1
Trans Can Pipe ♥	8	-⅛	10⅛	7¾	1,448	4.8

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£24	—	£34	£13½	2,217	2.2	24.9
Barlow	‡	£5¼xd	—	£5¼	£3⅝	1,158	1.8	Φ
Gold Flds Prop R		118xd	—	128	75	12.1	7.9	Φ
MK Props		95	—	98	85	3.82	12.7	-
SASOL	♥	524	—	582	280	3,022	2.7	-
SA Brews	†	£14⅝xd	—	£16⅞	£10	4,041	2.0	22.5
Tiger Oats		763xd	—	838	538	1,147	2.0	17.8
Tongaat-Hulett	†‡	725	—	*725	356¼	690.6	2.0	20.9

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✥ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Not subject to ACT. z Dividend yield includes a special payment. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1994. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Figures based on IIMR 'Headline Earnings'. P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT1984. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

هكذا من الاصل

هكذا من الاصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Lira recovers as political crisis nears climax

The lira bounced off recent lows yesterday with markets apparently taking the view that the worst was now over in Italy, *writes Philip Gawith*.

Although the political outlook remains extremely murky, investors are taking heart from the fact that the current period of political instability is nearing a close.

The lira closed in London at L1,045 against the D-Mark, from L1,049. Earlier it had reached a high in Europe of L1,043.

Elsewhere, the French franc hit its lowest level against the D-Mark since December 1, 1993. It closed at FFr3.454, from FFr3.451, as rumours about President Mitterrand's health, and continued political uncertainty, bothered traders.

Those currency moves which took place were exaggerated by thin trading conditions.

The decision by the FOMC to leave US interest rates on hold elicited negligible market response. The dollar traded in extremely narrow ranges to finish at DM1.5703 and Y100.17, from Tuesday's closes of DM1.572 and Y100.3 before the *FOMC announcement*.

In Mexico, the peso continued its downward slide after the 15 per cent devaluation on Tuesday. It closed at 3.987 pesos to the dollar, from 3.885.

Sterling had a quiet day, closing at DM2.4527, from DM2.4491.

Today the focus is on the meeting of the Bundesbank council meeting. No change in rates is expected, but the announcement of the target range for M3 growth in 1995 will be closely watched.

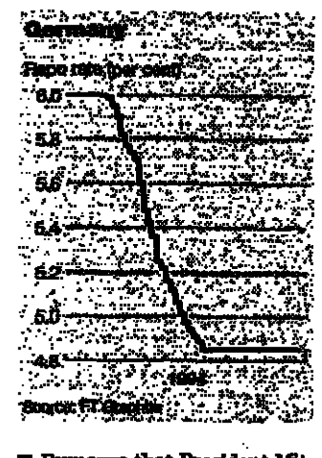
■ The key features of Mr Berlusconi's address to parliament were that the existing coalition is dead, and fresh elections are inevitable.

Analysts said the bounce back in the lira could be attributed *to traders, with short* lira positions, taking profits.

Mr Giorgio Radaelli, international economist at Lehman Brothers in London, said an early election would probably be the worst outcome from a markets perspective.

With elections unlikely to be held during winter, it could be as long as May before a new government was installed. The lack of government in the interim would unsettle financial markets.

This need not be all gloom and doom. Mr Brian Durrant, economist at brokers GNI, points out that in the second quarter of 1993, a consensus non-political figure head (Amato) presided over a 10 per cent rise in the lira against the D-Mark. By contrast, the lira has fallen by around 10 per cent since April 12, two weeks after Mr Berlusconi took office.



■ Rumours that President Mitterrand would be stopping chemo-therapy treatment caused concern, with some observers believing it could advance the election timetable.

Another factor worrying investors is the possibility that German interest rates will rise. If the Bank of France fails to follow suit immediately, the franc could suffer. Political risk is also becoming an increasingly important factor with the franc as the presidential elections draw near.

Mr Julian Jessop, international economist at Midland Global Markets, said fears of the public debate "lurching towards Euro-scepticism", now that Mr Jacques Delors had withdrawn, were overdone.

He said it was "far from obvious that a Chirac victory would mean a permanently weaker currency." He predicted a downside of FFr3.50 against the D-Mark.

In the more likely event of victory for the current prime minister, Mr Edouard Balladur, Mr Jessop forecasts the franc appreciating towards FFr3.38 by the end of 1995.

■ Helped by the bullish tone of US financial markets, there was a late rally in short sterling. The March contract traded around 24,000 lots, to finish ten basis points higher at 92.70.

Mr Nick Parsons, treasury economist at CIBC in London, commented: "There have been a lot of stories about tough *trading conditions*, with retailers putting their hopes on a last minute surge in sales. If that fails to materialise, prospects of an early rise in UK rates look misplaced."

In its daily operations, the Bank of England cleared a £950m shortage, the bulk of it with *late assistance*. *Mr* Parsons said this could reflect clearing banks holding back bills in an attempt to push up short-dated lending rates ahead of a five day holiday period. The Bank eased liquidity conditions by injecting £1.73bn into the market through its repo facility.

■ **Pound in New York**

Dec 21	Latest	Prev. close
£ spot	1.5590	1.5600
1 mth	1.5588	1.5596
3 mth	1.5577	1.5589
1 yr	1.5573	1.5576

■ **OTHER CURRENCIES**

Dec 21	£	$
Hungary	177.257 - 177.987	113.670 - 114.070
Iran	2725.00 - 2732.00	1749.00 - 1751.00
Kuwait	0.4674 - 0.4688	0.2997 - 0.3004
Poland	37801.4 - 37835.3	24241.0 - 24265.0
Russia	5368.45 - 5373.15	3442.00 - 3445.00
U.A.E.	5.7271 - 5.7287	3.6725 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Dec 21		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.2459	-0.0206	392 - 525	17.2621	17.2329	17.2321	1.0	17.1915	1.3	-	-	115.4
Belgium	(BFr)	50.3330	-0.092	109 - 551	50.3990	50.3109	50.348	-0.4	50.228	0.8	49.628	1.4	117.2
Denmark	(DKr)	9.6153	-0.0142	114 - 191	9.6272	9.6109	9.6119	0.4	9.6195	-0.2	9.586	0.3	116.5
Finland	(FM)	7.5300	-0.0653	210 - 390	7.5910	7.5210	-	-	-	-	-	-	88.2
France	(FFr)	8.4603	-0.0017	566 - 640	8.4640	8.4368	8.4591	0.2	8.4551	0.2	8.4023	0.7	109.5
Germany	(DM)	2.4491	-0.0038	483 - 498	2.4537	2.4483	2.4484	0.3	2.4442	0.8	2.4096	1.6	126.4
Greece	(Dr)	378.450	-0.789	155 - 744	378.981	378.155	-	-	-	-	-	-	–
Ireland	(I£)	1.0142	+0.0008	135 - 148	1.0148	1.0112	1.0144	-0.2	1.0134	0.3	1.0122	0.2	105.2
Italy	(L)	2558.61	-14.48	742 - 980	2570.69	2557.42	2565.31	-3.1	2576.81	-2.8	2629.36	-2.8	72.9
Luxembourg	(LFr)	50.3330	-0.092	109 - 551	50.3990	50.3109	50.348	-0.4	50.228	0.8	49.628	1.4	117.2
Netherlands	(Fl)	2.7402	-0.0068	389 - 414	2.7451	2.7369	2.7392	0.4	2.735	0.8	2.6982	1.5	121.1
Norway	(NKr)	10.6922	-0.0174	881 - 962	10.7099	10.6881	10.6925	0.0	10.6911	0.0	10.6822	0.1	86.0
Portugal	(Es)	251.728	-0.253	531 - 924	252.112	251.531	252.548	-3.9	254.028	-3.6	-	-	–
Spain	(Pta)	207.215	+0.63	135 - 295	207.295	206.321	207.605	-2.3	208.26	-2.0	210.996	-1.8	84.5
Sweden	(SKr)	11.6765	-0.057	668 - 861	11.7518	11.6668	11.6936	-1.7	11.726	-1.7	11.845	-1.4	75.9
Switzerland	(SFr)	2.0661	-0.0054	670 - 692	2.0760	2.0670	2.0648	1.9	2.0582	1.9	2.0131	2.7	120.9
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.2
Ecu	-	1.2862	-0.0013	857 - 866	1.2871	1.2855	1.2866	-0.3	1.2865	-0.1	1.2786	0.6	–
SDR†	-	0.930199	-	-	-	-	-	-	-	-	-	-	–
Americas													
Argentina	(Peso)	1.5593	+0.0021	589 - 596	1.5596	1.5551	-	-	-	-	-	-	–
Brazil	(R)	1.3296	+0.0002	286 - 306	1.3309	1.3265	-	-	-	-	-	-	–
Canada	(C$)	2.1733	-0.0012	726 - 740	2.1741	2.1696	2.1737	-0.2	2.1747	-0.3	2.1845	-0.5	85.2
Mexico	(New Peso)	6.2183	+0.1587	017 - 349	6.2349	6.1764	-	-	-	-	-	-	–
USA	($)	1.5597	-0.0006	594 - 599	1.5603	1.5582	1.5599	-0.2	1.5596	0.0	1.5575	0.1	63.4
Pacific/Middle East/Africa													
Australia	(A$)	2.0118	+0.0002	108 - 128	2.0128	2.0079	2.0137	-1.1	2.0181	-1.3	2.0475	-1.8	–
Hong Kong	(HK$)	12.0670	-0.0054	643 - 697	12.0724	12.0566	12.013	5.4	12.0125	1.8	12.0275	0.3	–
India	(Rs)	48.9731	-0.0344	613 - 848	48.9980	48.9310	-	-	-	-	-	-	–
Japan	(Y)	156.230	-0.283	158 - 302	156.420	156.140	155.745	3.7	154.695	4.0	148.81	4.7	188.7
Malaysia	(M$)	3.9935	+0.0028	921 - 949	3.9962	3.9884	-	-	-	-	-	-	–
New Zealand	(NZ$)	2.4425	-0.0006	411 - 438	2.4438	2.4406	2.4489	-3.1	2.461	-3.0	2.4991	-2.3	–
Philippines	(Peso)	37.6957	+0.0636	697 - 616	38.0616	37.2697	-	-	-	-	-	-	–
Saudi Arabia	(SR)	5.8504	-0.0016	490 - 517	5.8521	5.8451	-	-	-	-	-	-	–
Singapore	(S$)	2.2829	+0.0002	817 - 840	2.2840	2.2615	-	-	-	-	-	-	–
S Africa (Com.)	(R)	5.5450	+0.001	429 - 470	5.5470	5.5380	-	-	-	-	-	-	–
S Africa (Fin.)	(R)	6.3088	+0.0368	922 - 254	6.3254	6.2634	-	-	-	-	-	-	–
South Korea	(Won)	1233.82	-1.49	364 - 419	1235.21	1232.85	-	-	-	-	-	-	–
Taiwan	(T$)	41.1526	-0.0526	401 - 650	41.1971	41.1201	-	-	-	-	-	-	–
Thailand	(Bt)	39.1706	-0.0151	565 - 847	39.1847	39.1420	-	-	-	-	-	-	–

†SDR rates for Dec 20. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 21		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	11.0575	-0.009	550 - 600	11.0695	11.0535	11.06	0.8	11.0335	0.9	10.936	1.1	104.6
Belgium	(BFr)	32.2720	-0.0465	630 - 810	32.3070	32.2630	32.257	0.6	32.207	0.8	31.872	1.2	106.2
Denmark	(DKr)	6.1650	-0.0068	635 - 665	6.1720	6.1629	6.1662	-0.2	6.166	-0.1	6.1525	0.2	105.0
Finland	(FM)	4.8280	-0.04	230 - 330	4.8691	4.8230	4.8258	0.6	4.8225	0.5	4.8055	0.5	82.1
France	(FFr)	5.4245	+0.001	230 - 260	5.4295	5.4120	5.4227	0.4	5.4197	0.4	5.3865	0.7	105.9
Germany	(D)	1.5703	-0.0017	700 - 705	1.5736	1.5700	1.5697	0.5	1.5673	0.8	1.547	1.5	107.3
Greece	(Dr)	242.650	-0.4	500 - 800	242.950	242.500	245.15	-12.4	250.1	-12.3	267.4	-10.2	68.4
Ireland	(I£)	1.5380	-0.0017	372 - 387	1.5426	1.5361	1.5385	-0.4	1.5386	-0.1	1.5388	-0.1	–
Italy	(L)	1640.50	-8.65	000 - 100	1648.55	1640.00	1644.28	-2.7	1651.5	-2.7	1683.5	-2.6	73.0
Luxembourg	(LFr)	32.2720	-0.0465	630 - 810	32.3070	32.2630	32.257	0.6	32.207	0.8	31.872	1.2	106.2
Netherlands	(Fl)	1.7569	-0.0036	564 - 574	1.7608	1.7564	1.7561	0.6	1.7536	0.8	1.7317	1.4	105.8
Norway	(NKr)	6.8555	-0.0085	540 - 570	6.8695	6.8539	6.8557	0.0	6.858	-0.1	6.7955	0.9	96.2
Portugal	(Es)	161.400	-0.1	300 - 500	161.640	161.300	162.025	-4.6	163.15	-4.3	167.15	-3.6	95.0
Spain	(Pta)	132.860	+0.456	830 - 890	132.890	132.300	133.095	-2.1	133.535	-2.0	136.36	-1.9	80.0
Sweden	(SKr)	7.4866	-0.0337	816 - 916	7.5371	7.4816	7.4978	-1.8	7.5191	-1.7	7.6016	-1.5	81.1
Switzerland	(SFr)	1.3260	-0.0036	255 - 265	1.3310	1.3255	1.3238	2.0	1.3195	2.0	1.2918	2.6	106.7
UK	(£)	1.5597	-0.0006	594 - 599	1.5603	1.5582	1.5599	-0.2	1.5596	0.0	1.5575	0.1	88.8
Ecu	-	1.2127	+0.0008	124 - 129	1.2131	1.2113	1.2125	0.2	1.2128	0.0	1.2192	-0.5	–
SDR†	-	1.45139	-	-	-	-	-	-	-	-	-	-	–
Americas													
Argentina	(Peso)	0.9998	+0.0017	997 - 998	0.9998	0.9997	-	-	-	-	-	-	–
Brazil	(R)	0.8525	+0.0005	520 - 530	0.8530	0.8510	-	-	-	-	-	-	–
Canada	(C$)	1.3935	-0.0002	932 - 937	1.3937	1.3922	1.3937	-0.1	1.3955	-0.6	1.4045	-0.8	81.8
Mexico	(New Peso)	3.9870	+0.102	770 - 970	3.9970	3.9610	3.988	-0.3	3.9896	-0.3	3.9972	-0.3	–
USA	($)	-	-	-	-	-	-	-	-	-	-	-	97.7
Pacific/Middle East/Africa													
Australia	(A$)	1.2899	+0.0007	895 - 903	1.2903	1.2873	1.2906	-0.7	1.2924	-0.8	1.3052	-1.2	92.0
Hong Kong	(HK$)	7.7370	-0.0005	365 - 375	7.7384	7.7365	7.735	0.3	7.7338	0.2	7.7415	-0.1	–
India	(Rs)	31.4000	-0.01	975 - 025	31.4050	31.3950	31.47	-2.7	31.615	-2.7	-	-	–
Japan	(Y)	100.170	-0.13	140 - 200	100.300	100.140	99.85	3.8	99.18	4.0	95.585	4.6	149.0
Malaysia	(M$)	2.5605	+0.0027	600 - 610	2.5613	2.5570	2.5575	1.4	2.553	1.2	2.581	-0.8	–
New Zealand	(NZ$)	1.5661	+0.0003	654 - 667	1.5667	1.5649	1.5671	-0.7	1.5695	-0.9	1.5785	-0.8	–
Philippines	(Peso)	24.1500	+0.05	000 - 000	24.4000	23.9000	-	-	-	-	-	-	–
Saudi Arabia	(SR)	3.7511	+0.0004	508 - 513	3.7513	3.7506	3.7547	-1.1	3.7616	-1.1	3.7761	-0.7	–
Singapore	(S$)	1.4637	+0.0007	632 - 642	1.4642	1.4633	1.4622	1.3	1.4587	1.4	1.4422	1.5	–
S Africa (Com.)	(R)	3.5553	+0.002	545 - 560	3.5560	3.5525	3.5708	-5.2	3.6029	-5.4	3.7678	-6.0	–
S Africa (Fin.)	(R)	4.0450	+0.025	350 - 550	4.0550	4.0150	4.073	-8.3	4.1175	-7.2	4.355	-7.7	–
South Korea	(Won)	791.150	-0.65	100 - 200	791.900	791.100	794.15	-4.6	797.65	-3.3	816.15	-3.2	–
Taiwan	(T$)	26.3858	-0.0237	820 - 895	26.4115	26.3820	26.4058	-0.9	26.4458	-0.9	-	-	–
Thailand	(Bt)	25.1150	-	100 - 200	25.1200	25.1070	25.1445	-1.4	25.2355	-1.9	25.64	-2.1	–

†SDR rate for Dec 20. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Dec 20. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

December 21	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	5¼	5½	5¾	5¾	6¼	7.40	4.50	–
week ago	4⅞	5⅝	5⅝	5⅞	6¼	7.40	4.50	–
France	5⅝	5⅞	6⅛	6¼	6⅞	5.00	–	6.75
week ago	5⅝	5⅞	6⅛	6½	6⅞	5.00	–	6.75
Germany	4.88	5.48	5.40	5.60	5.88	6.00	4.50	4.85
week ago	5.03	5.48	5.48	5.63	5.93	6.00	4.50	4.85
Ireland	5⅜	5⅞	6⅛	6⅜	7⅛	–	–	6.25
week ago	5⅜	5⅞	5⅞	6⅜	7⅛	–	–	6.25
Italy	8⅜	8⅝	9	9¾	10½	–	7.50	8.20
week ago	8⅜	8⅝	9⅛	9⅞	10⅝	–	7.50	8.20
Netherlands	4.84	5.39	5.43	5.58	5.94	–	5.25	–
week ago	4.84	5.39	5.51	5.76	6.11	–	5.25	–
Switzerland	3⅝	4	4⅛	4⅜	4⅞	6.625	3.50	–
week ago	3⅞	4	4⅛	4⅝	4⅞	6.625	3.50	–
US	5½	5⅞	6¼	6¾	7¼	–	4.75	–
week ago	5⅝	5⅞	6⅛	6⅝	7⅜	–	4.75	–
Japan	2¼	2⅛	2⅛	2⅛	2⅜	–	1.75	–
week ago	2¼	2⅛	2⅛	2⅛	2⅜	–	1.75	–
■ $ LIBOR FT London								
Interbank Fixing	–	5⅞	6⅛	6⅝	7⅛	–	–	–
week ago	–	5⅞	6¼	7	7⅜	–	–	–
US Dollar CDs	–	5.48	5.95	6.49	7.28	–	–	–
week ago	–	5.48	6.16	6.71	7.48	–	–	–
SDR Linked Ds	–	4⅜	4⅞	5¼	5⅜	–	–	–
week ago	–	4⅜	4⅞	5¼	5⅜	–	–	–

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: 5¾; 6 mths: 6; 1 year: 6⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Dec 21	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5⅝ - 5⅜	5½ - 5¼	5⅝ - 5⅞	5½ - 5⅜	6¼ - 5⅝	6⅞ - 6⅝
Danish Krone	5¼ - 5	5⅝ - 5⅜	5¾ - 5½	6⅛ - 5⅞	6½ - 6¼	7⅛ - 6⅞
D-Mark	4⅞ - 4⅞	4⅞ - 4⅞	5⅜ - 5¼	5⅜ - 5¼	5½ - 5⅜	5⅞ - 5¾
Dutch Guilder	5¼ - 5⅛	5¼ - 5⅛	5⅝ - 5½	5⅝ - 5½	5¾ - 5⅝	6⅛ - 6
French Franc	5⅜ - 5¼	5⅞ - 5⅝	5⅝ - 5½	6⅛ - 5⅞	6⅞ - 6⅜	6⅞ - 6¾
Portuguese Esc.	8⅞ - 8⅝	9 - 8¾	10¼ - 10	10⅞ - 10⅞	11⅛ - 10⅞	11⅞ - 11
Spanish Peseta	7⅞ - 7⅞	7⅞ - 7⅞	8⅛ - 7⅞	8½ - 8⅜	9 - 8⅞	9⅞ - 9⅞
Sterling	5⅛ - 4⅞	5⅛ - 4⅞	5⅞ - 5¾	6⅜ - 6¼	6⅞ - 6⅞	7⅛ - 7⅞
Swiss Franc	3½ - 3⅜	3⅞ - 3⅞	3⅞ - 3⅞	4¼ - 4⅛	4½ - 4⅜	4¾ - 4⅝
Can. Dollar	5⅞ - 5¾	5½ - 5⅜	5¾ - 5⅝	6¾ - 6⅝	7⅞ - 7⅞	8⅞ - 8⅞
US Dollar	5⅞ - 5⅞	5½ - 5⅜	5⅞ - 5⅞	6⅞ - 6⅞	7⅞ - 7⅞	7⅞ - 7⅞
Italian Lira	8 - 7½	8⅜ - 8¼	8¾ - 8⅝	9⅛ - 9	9¾ - 9⅝	10⅞ - 10⅞
Yen	2¼ - 2⅛	2⅜ - 2⅞	2⅜ - 2⅛	2⅜ - 2⅛	2⅞ - 2⅞	2⅞ - 2⅝
Asian $Sing	3⅞ - 3⅝	4⅜ - 4¼	4⅞ - 4⅜	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate**

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.32	93.25	-0.06	93.36	93.21	25,498	53,356
Jun	92.94	92.87	-0.07	93.00	92.85	13,178	40,206
Sep	92.69	92.67	-0.04	92.78	92.65	4,144	26,164
Dec	92.55	92.47	-0.05	92.56	92.44	1,376	20,692

■ **THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%**

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		92.92	+0.07			0	1456
Jun	92.23	92.22	-0.01	92.23	92.23	50	393
Sep		91.80	-0.09			0	177

■ **THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%**

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.37	94.43	+0.06	94.43	94.36	14710	214765
Jun	94.05	94.07	+0.03	94.09	94.04	5747	138041
Sep	93.71	93.71	+0.01	93.73	93.69	4170	83305
Dec	93.35	93.34	+0.01	93.36	93.33	1139	62226

■ **THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%**

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	89.71	89.88	+0.20	89.90	89.71	5687	34484
Jun	89.31	89.40	+0.14	89.41	89.31	2103	19229
Sep	89.13	89.18	+0.14	89.18	89.12	1069	21824
Dec	88.96	89.01	+0.16	89.03	88.94	297	15571

■ **THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%**

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.40	95.43	+0.01	95.48	95.40	1116	20447
Jun	95.13	95.12	+0.01	95.13	95.09	28	7643
Sep	94.89	94.92	+0.03	94.90	94.89	50	4237
Dec	94.73	94.72	-	94.73	94.73	18	1285

■ **THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%**

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.26	93.30	+0.04	93.34	93.26	1224	8729
Jun	92.87	92.90	+0.03	92.92	92.87	99	4708
Sep	92.53	92.52	+0.01	92.57	92.52	125	2793
Dec	92.17	92.15	-	92.21	92.15	89	1392

* LIFFE futures traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Dec 21		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.10	16.81	4.866	2.015	5082	5.444	21.24	500.1	411.7	23.21	4.109	1.987	4.318	3.098	310.4	2.555
Denmark	(DKr)	52.35	10	8.799	2.547	1.055	2660	2.850	11.12	261.8	215.5	12.15	2.151	1.040	2.260	1.621	162.5	1.337
France	(FFr)	59.49	11.37	10	2.895	1.199	3024	3.239	12.64	297.5	244.9	13.81	2.444	1.182	2.569	1.843	184.6	1.520
Germany	(DM)	20.55	3.926	3.454	1	0.414	1045	1.119	4.365	102.8	84.61	4.769	0.844	0.408	0.887	0.637	63.78	0.525
Ireland	(I£)	49.64	9.482	8.343	2.415	1	2523	2.702	10.54	248.2	204.3	11.52	2.039	0.986	2.143	1.537	154.0	1.268
Italy	(L)	1.968	0.376	0.331	0.096	0.040	100.	0.107	0.418	9.840	8.100	0.457	0.081	0.039	0.085	0.061	6.106	0.050
Netherlands	(Fl)	18.37	3.509	3.088	0.894	0.370	933.6	1	3.901	91.86	75.62	4.263	0.755	0.365	0.793	0.569	57.01	0.469
Norway	(NKr)	47.08	8.994	7.914	2.291	0.949	2393	2.563	10	235.5	193.8	10.93	1.935	0.935	2.033	1.458	146.1	1.203
Portugal	(Es)	20.00	3.820	3.361	0.973	0.403	1016	1.089	4.247	100.	82.32	4.640	0.822	0.397	0.863	0.619	62.06	0.511
Spain	(Pta)	24.29	4.640	4.083	1.182	0.489	1235	1.322	5.159	121.5	100.	5.637	0.998	0.483	1.049	0.752	75.39	0.621
Sweden	(SKr)	43.09	8.232	7.243	2.097	0.868	2190	2.346	9.152	215.5	177.4	10	1.771	0.856	1.860	1.335	133.7	1.101
Switzerland	(SFr)	24.34	4.649	4.091	1.184	0.490	1237	1.325	5.169	121.7	100.2	5.648	1	0.484	1.051	0.754	75.53	0.622
UK	(£)	50.33	9.615	8.460	2.449	1.014	2558	2.740	10.69	251.7	207.2	11.68	2.068	1	2.173	1.559	156.2	1.286
Canada	(C$)	23.16	4.425	3.893	1.127	0.467	1177	1.261	4.919	115.8	95.35	5.375	0.952	0.460	1	0.717	71.88	0.592
US	($)	32.28	6.167	5.427	1.571	0.650	1641	1.758	6.857	161.4	132.9	7.492	1.326	0.641	1.394	1	100.2	0.825
Japan	(Y)	32.22	6.156	5.416	1.568	0.649	1638	1.754	6.844	161.1	132.7	7.478	1.324	0.640	1.391	0.998	100.	0.823
Ecu		39.14	7.477	6.579	1.904	0.788	1989	2.131	8.313	195.7	161.1	9.082	1.608	0.778	1.690	1.212	121.5	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES (IMM) DM 125,000 per DM**

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Mar	0.6379	0.6378	-0.0001	0.6380	0.6372	9,047	69,413
Jun	0.6397	0.6397	-0.0005	0.6397	0.6397	49	1,732
Sep		0.6432	+0.0013	-	-	17	138

■ **JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100**

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Mar	1.0070	1.0063	-0.0006	1.0075	1.0054	9,804	70,642
Jun	1.0185	1.0189	-0.0005	1.0189	1.0179	160	2,362
Sep	-	1.0322	-0.0009	-	-	6	327

■ **SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr**

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Mar	0.7568	0.7581	+0.0005	0.7565	0.7548	4,919	37,016
Jun	0.7605	0.7605	-0.0002	0.7608	0.7605	43	526
Sep	-	0.7662	-	-	-	6	55

■ **STERLING FUTURES (IMM) £62,500 per £**

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Mar	1.5588	1.5586	-0.0010	1.5594	1.5580	8,632	48,361
Jun	1.5594	1.5590	-0.0002	1.5594	1.5590	320	490
Sep	-	1.5586	-0.0010	-	-	5	4

UK INTEREST RATES

LONDON MONEY RATES

Dec 21	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6⅞ - 6	6 - 5⅝	6 - 5⅞	6⅜ - 6⅞	7 - 6⅞	7⅞ - 7⅞
Sterling CDs	-	-	5⅞ - 5⅞	6⅛ - 6⅞	6⅞ - 6⅞	7⅞ - 7⅞
Treasury Bills	-	-	5⅞ - 5⅝	6⅛ - 6	-	-
Bank Bills	-	-	5⅞ - 5⅞	6⅜ - 6⅜	6⅞ - 6⅞	-
Local authority deps.	5⅞ - 5⅞	5⅞ - 5⅞	5⅞ - 5⅞	6⅞ - 6⅞	7 - 6⅞	7⅞ - 7⅞
Discount Market deps	6 - 6½	6⅞ - 6⅞	-	-	-	-

UK clearing bank base lending rate 6¼ per cent from December 7, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.8351pc. ECGD fixed rate Stlg. Export Finance. Make up day Nov 30, 1994. Agreed rate for period Dec 26, 1994 to Jan 24, 1995, Scheme II & III 7.30pc. Reference rate for period Nov 1, 1994 to Nov 30, 1994, Schemes IV & V 6.107pc. Finance House Base Rate 6½pc from Dec 1, 1994

■ **THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%**

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.56	93.56	+0.01	93.58	93.55	5651	96890
Mar	92.60	92.70	+0.10	92.72	92.60	24314	94154
Jun	91.94	92.01	+0.06	92.05	91.94	4014	63649
Sep	91.48	91.52	+0.03	91.54	91.47	3224	60954

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%**

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9350	0.06	0.02	0.03	0	0.82	1.52
9375	0	0	0.01	0.19	1.05	1.75
9400	0	0	0.01	0.44	1.30	2.00

Est. vol. total, Calls 1665 Puts 2682. Previous day's open int., Calls 334800 Puts 232336

EMS EUROPEAN CURRENCY UNIT RATES

Dec 21	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.13684	-0.00068	-2.73	7.45	-
Belgium	40.2123	39.2417	-0.0103	-2.41	7.10	18
Ireland	0.808628	0.789815	+0.00233	-2.33	7.01	16
Germany	1.94964	1.90822	-0.0003	-2.07	6.73	-
France	6.53883	6.58869	+0.00223	0.76	3.73	-6
Denmark	7.43679	7.49408	-0.00266	0.77	3.72	-5
Portugal	192.854	196.257	+0.067	1.76	2.71	-12
Spain	154.250	161.220	+0.42	4.52	0.00	-32
NON ERM MEMBERS						
Greece	264.513	295.036	-0.045	11.54	-6.29	-
Italy	1793.19	1995.76	-6.27	11.35	-6.14	-
UK	0.786749	0.779431	+0.000975	-0.93	5.50	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)**

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
1.500	5.75	5.90	6.23	-	0.14	0.50
1.525	3.37	3.79	4.33	0.07	0.51	1.06
1.550	1.45	2.14	2.76	0.59	1.28	1.96
1.575	0.37	1.01	1.66	1.99	2.58	3.23
1.600	0.03	0.39	0.90	4.09	4.44	4.94
1.625	-	0.11	0.44	6.52	6.63	6.94

Previous day's vol., Calls 3,981 Puts 10,586 . Prev. day's open int., Calls 210,268 Puts 222,364

■ **THREE MONTH EURODOLLAR (IMM) $1m points of 100%**

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	92.92	92.91	-	92.93	92.89	169,444	507,571
Jun	92.23	92.20	-0.03	92.24	92.17	90,103	348,221
Sep	91.83	91.78	-0.05	91.84	91.75	45,926	279,264

■ **US TREASURY BILL FUTURES (IMM) $1m per 100%**

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.57	93.57	+0.02	93.57	93.55	3,551	16,126
Jun	92.91	92.86	-0.03	92.91	92.85	398	3,720
Sep	92.53	92.48	+0.01	92.53	92.48	335	728

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS (LIFFE) DM1m points of 100%**

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Feb	PUTS Mar	PUTS Jun
9425	0.23	0.28	0.31	0.23	0.05	0.10	0.13	0.41
9450	0.08	0.12	0.15	0.13	0.15	0.19	0.22	0.56
9475	0.02	0.04	0.06	0.07	0.34	0.36	0.38	0.75

Est. vol. total, Calls 5207 Puts 4104. Previous day's open int., Calls 116808 Puts 155015

■ **EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%**

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9525	0.30	0.23	0.22	0.12	0.36	0.55
9550	0.13	0.13	0.13	0.20	0.51	0.71
9575	0.07	0.07	0.08	0.39	0.70	0.91

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1380 Puts 1505

BASE LENDING RATES

	%		%		%
Adam & Company	6.25	Duncan Lawrie	6.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	6.25	Exeter Bank Limited	7.25	Royal Bk of Scotland	6.25
AIB Bank	6.25	Financial & Gen Bank	6.5	●Smith & Williamson Secs.	6.25
●Henry Ansbacher	6.25	●Robert Fleming & Co	6.25	TSB	6.25
Bank of Baroda	6.25	Girobank	6.25	●United Bk of Kuwait	6.25
Banco Bilbao Vizcaya	6.25	●Guinness Mahon	6.25	Unity Trust Bank Plc	6.25
Bank of Cyprus	6.25	Habib Bank AG Zurich	6.25	Western Trust	6.25
Bank of Ireland	6.25	●Hambros Bank	6.25	Whiteaway Laidlaw	6.25
Bank of India	6.25	Heritable & Gen Inv Bk.	6.25	Yorkshire Bank	6.25
Bank of Scotland	6.25	●Hill Samuel	6.25		
Barclays Bank	6.25	C. Hoare & Co	6.25	● Members of London Investment Banking Association	
Brit Bk of Mid East	6.25	Hongkong & Shanghai	6.25	* In administration	
●Brown Shipley & Co Ltd	6.25	Julian Hodge Bank	6.25		
CL Bank Nederland	6.25	●Leopold Joseph & Sons	6.25		
Citibank NA	6.25	Lloyds Bank	6.25		
Clydesdale Bank	6.25	Meghraj Bank Ltd	6.25		
The Co-operative Bank	6.25	Midland Bank	6.25		
Coutts & Co	6.25	* Mount Banking	6.25		
Credit Lyonnais	6.25	NatWestminster	6.25		
Cyprus Popular Bank	6.25	●Rea Brothers	6.25		

هكذا من الأصل

صكنا من الاصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Dec 21 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Dec 21 / Frs.)

[illegible]

DENMARK (Dec 21 / Kr)

[illegible]

FINLAND (Dec 21 / Mks)

[illegible]

FRANCE (Dec 21 / Frs.)

[illegible]

GERMANY (Dec 21 / Dm.)

[illegible]

ITALY (Dec 21 / Lire)

[illegible]

NETHERLANDS (Dec 21 / Fls.)

[illegible]

NORWAY (Dec 21 / Kroner)

[illegible]

SPAIN (Dec 21 / Pta.)

[illegible]

SWEDEN (Dec 21 / Kronor)

[illegible]

SWITZERLAND (Dec 21 / Frs.)

[illegible]

PACIFIC

JAPAN (Dec 21 / Yen)

[illegible]

AUSTRALIA (Dec 21 / Aust$)

[illegible]

HONG KONG (Dec 21 / H.K.$)

[illegible]

MALAYSIA (Dec 21 / MYR)

[illegible]

SINGAPORE (Dec 21 / S$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Dec 21 / Can $)

4 pm close

[illegible]

MONTREAL (Dec 21 / Can $)

4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Dec 21 / Rand)

[illegible]

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FT FREE ANNUAL REPORTS SERVICE

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT2685. Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822. If calling from outside the UK, dial +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent on the next working day, subject to availability.

■ TOKYO - MOST ACTIVE STOCKS: Wednesday, December 21, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nisshin F&M	5.1m	514	-6	Shizuoka Bank	3.8m	1,290	+10
Sakai Ovex	5.1m	684	+37	Mitsubishi Hvy	3.3m	732	-2
Nippon Steel	4.9m	361	-1	NKK	3.1m	273	-1
Sumitomo Mtl Ind	4.1m	315	-2	Mitsubishi Chem	2.6m	541	+3
Kawasaki Steel	3.8m	403	+6	Amada Wasino	2.2m	496	

INDICES

	Dec 21	Dec 20	Dec 19	1994 High		1994 Low	
Argentina							
General (29/12/77)	(u)	17345.25	17668.50	25470.40	18/2/94	16752.81	28/11/94
Australia							
All Ordinaries(1/1/80)	1905.5	1898.6	1900.0	2340.60	3/2/94	1842.09	12/12/94
All Mining(1/1/80)	928.5	915.3	912.4	1136.10	3/2/94	878.10	12/12/94
Austria							
Credit Aktien(30/12/84)	362.19	369.50	369.53	460.86	2/2/94	376.94	25/10/94
Traded Index(2/1/91)	1045.19	1035.31	1035.35	1222.25	1/2/94	1011.38	8/8/94
Belgium							
BEL20 (1/1/91)	1367.23	1367.39	1363.75	1542.85	9/2/94	1338.39	7/10/94
Brazil							
Bovespa (29/12/83)	(u)	47891.0	49229.0	55118.80	13/9/94	3609.98	3/1/94
Canada							
Metals Minlsø(1975)	(u)	4117.63	4120.23	4278.82	20/10/94	3299.88	20/4/94
Composite♦ (1975)	(u)	4154.16	4138.80	4609.90	23/3/94	3869.90	24/6/94
Portfolio§§ (4/1/83)	(u)	2036.53	2028.99	2182.99	1/2/94	1888.49	28/6/94
Chile							
IPSA Gen (31/12/80)	(u)	5440.3	5508.8	5754.40	21/11/94	3801.29	4/4/94
Denmark							
CopenhagenSE(3/1/83)	337.51	335.68	336.66	416.79	2/2/94	335.89	20/12/94
Finland							
HEX General(28/12/90)	1799.0	1814.3	1815.5	1972.09	4/2/94	1601.19	3/1/94
France							
SBF 250 (31/12/90)	1276.47	1262.42	1267.07	1685.28	2/2/94	1227.86	25/10/94
CAC 40(31/12/87)	1940.89	1924.72	1928.08	2355.93	2/2/94	1894.42	25/10/94
Germany							
FAZ Aktien(31/12/58)	780.59	778.09	773.40	859.27	18/5/94	742.84	5/10/94
Commerzbank(1/12/53)	2229.9	2222.5	2223.80	2465.89	2/5/94	2118.30	5/10/94
DAX (30/12/87)‡	2086.68	2076.83	2075.94	2271.11	16/5/94	1969.59	7/10/94
Greece							
Athens SE(31/12/80)	866.33	867.69	859.90	1164.88	18/1/94	864.37	22/11/94
Hong Kong							
Hang Seng(31/7/64)	8381.56	8267.33	8178.34	12201.09	4/1/94	7707.78	12/12/94
India							
BSE Sens.(1979)	3912.89	3897.59	3910.08	4686.57	12/9/94	3464.09	5/1/94
Indonesia							
Jakarta Comp.(10/8/82)	466.40	462.76	469.38	612.89	5/1/94	447.04	13/12/94
Ireland							
ISEQ Overall(4/1/88)	1817.31	1794.87	1792.56	2082.16	20/1/94	1694.14	1/7/94
Italy							
Banca Comm Ital (1972)	624.05	612.81	607.25	817.17	10/5/94	581.84	13/12/94
MIB General (4/1/94)	1011.0	993.0	984.0	1318.00	10/5/94	942.08	13/12/94
Japan							
Nikkei 225 (16/5/49)	19340.67	19408.98	19270.85	21552.81	13/6/94	17369.74	4/1/94
Nikkei 300 (1/10/82)	280.88	281.76	279.97	311.71	13/6/94	258.32	4/1/94
Topix (4/1/68)	1522.01	1524.90	1514.31	1712.73	13/6/94	1445.97	4/1/94
2nd Section (4/1/68)	2066.01	2073.21	2044.84	2642.85	6/7/94	1873.33	4/1/94
Malaysia							
KLSE Comp.(4/4/86)	982.17	966.19	967.25	1314.46	5/1/94	886.77	12/12/94
Mexico							
IPC (Nov 1978)	(u)	2274.17	2231.11	2881.17	8/2/94	1957.38	20/4/94
Netherlands							
CBS TtlRtnGen(End 83)	441.8	439.1	439.0	454.99	31/1/94	408.30	21/6/94
CBS All Shr (End 83)	277.2	275.5	275.4	294.89	31/1/94	257.90	21/6/94
New Zealand							
Cap. 40 (1/7/86)	1938.27	1930.50	1927.39	2430.64	3/2/94	1878.09	12/12/94
Norway							
Oslo SE(Ind)(2/1/83)	1100.34	1093.73	1085.10	1211.10	28/2/94	980.91	21/6/94
Philippines							
Manila Comp (2/1/85)	2790.59	2740.04	2723.26	3308.37	4/1/94	2397.33	9/3/94
Portugal							
BTA (1977)	2900.6	2915.2	2913.9	3226.60	18/2/94	2812.89	20/6/94
Singapore							
SES All-S'pore(2/4/75)	528.81	526.59	528.45	641.61	4/1/94	508.94	13/12/94
South Africa							
JSE Gold (28/9/78)	1971.5Ψ	1900.8	1863.7	2894.08	7/9/94	1749.09	14/2/94
JSE Ind. (28/9/78)	6918.3Ψ	6863.4	6857.5	6964.19	22/11/94	5448.65	19/1/94
South Korea							
KoreaCompEx(4/1/80)**	1026.85	1023.99	1026.81	1138.75	8/11/94	855.37	2/4/94
Spain							
Madrid SE (30/12/85)	291.59	293.48	298.37	365.31	31/1/94	286.65	26/10/94
Sweden							
AffarsvardnGen (1/2/37)	1482.1	1465.1	1484.2	1609.80	31/1/94	1394.70	6/7/94
Switzerland							
Swiss Bk Ind (31/12/58)	1240.48	1231.50	1228.07	1423.34	31/1/94	1136.72	27/10/94
SBC General (1/4/87)	927.83	921.52	917.56	1093.39	31/1/94	876.57	27/10/94
Taiwan							
WeightedPr.(30/6/66)**	7010.60	6925.26	7055.30	7191.13	30/9/94	5194.63	19/3/94
Thailand							
Bangkok SET (30/4/75)	1365.26	1352.86	1337.78	1753.73	4/1/94	1186.59	4/4/94
Turkey							
Istanbul Cmp.(Jan 1986)	28162.2	28603.9	27742.4	29146.18	2/12/94	12980.70	24/3/94
WORLD							
MS Capital Int (1/1/70)§	612.9*	610.9	609.5	649.90	2/11/94	591.88	4/4/94
CROSS-BORDER							
Eurotrack 100(26/10/90)	1340.23	1333.21	1332.17	1549.19	31/1/94	1286.48	5/10/94
Euro Top-100 (26/6/90)	1185.47	1177.80	1173.42	1311.81	2/2/94	1130.48	5/10/94
JCapitDrgns (31/12/88)	(u)	302.07	300.17	395.19	5/1/94	285.48	12/12/94
Barings Emerg.(7/1/92)	(u)	165.89	170.83	191.79	29/9/94	141.65	21/4/94

** Sat Dec 17: Taiwan Weighted Price 6937.33; Korea Comp Ex 1038.54. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Dec 21 - 2095.50 +15.34.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Dec	1936.5	1949.0	+12.0	1952.0	1936.0	17,342	25,455
Jan	1946.5	1957.5	+12.0	1959.0	1944.5	5,074	6,129
Feb	1967.5	1966.0	+12.0	1967.5	1962.5	451	618

Open interest figures for previous day.

US INDICES

Dow Jones	Dec 20	Dec 19	Dec 16	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3767.15	3790.70	3807.19	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	94.13	94.26	94.39	106.81 (21/1)	93.61 (28/11)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1400.30	1409.85	1416.14	1862.29 (2/2)	1371.89 (13/12)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	181.91	181.52	182.24	227.06 (3/1)	173.94 (22/11)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3807.19 (3815.26) Low 3752.35 (3784.46) (Theoretical♦)
Day's high 3789.36 (3807.19) Low 3767.15 (3780.94) (Actual♦)

Standard and Poors	Dec 20	Dec 19	Dec 16	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	457.10	457.91	458.80	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
IndustrialsΨ	542.84	543.81	544.59	563.16 (28/10)	510.05 (21/4)	563.16 (28/10/94)	3.62 (21/6/32)
Financial	41.94	42.10	41.85	46.94 (14/6)	39.87 (22/11)	48.48 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	249.80	250.04	250.54	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (28/4/42)
Amex Mkt Val	425.30	425.73	426.23	487.89 (2/2)	420.23 (13/12)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	728.51	727.91	729.07	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Dec 16	Dec 9	Dec 2	Year ago
Dow Jones Ind. Div. Yield	2.80	2.88	2.84	2.67
	Dec 14	Dec 7	Nov 30	Year ago
S & P Ind. Div. yield	2.47	2.48	2.48	2.45
S & P Ind. P/E ratio	18.40	18.29	18.42	27.16

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Mar	460.60	461.75	+1.35	461.90	460.85	49,478	208,527
Jun	465.20	465.80	+0.55	465.80	465.20	31	6,899
Sep	-	470.55	-	470.55	-	2	2,169

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Close price	Change on day
Telefonos	14,233,600	46⅛	-2⅛
Borden	6,453,200	12⅝	—
RJR Nabisco	5,627,900	5⅝	—
Merck	4,649,200	38⅝	+⅜
Glaxo	4,250,600	20⅜	+⅛
Hanson	3,959,500	18¼	+¼
Allied Corp	3,904,100	30⅞	+⅝
Cable & Wire	3,889,900	17⅝	+⅛
Compaq	3,215,400	37⅞	+⅜
Caesars Wld	2,993,600	65⅝	-¼

■ TRADING ACTIVITY

● Volume (million)

	Dec 20	Dec 19	Dec 16
New York SE	328.517	271.701	478.701
Amex	18.488	18.171	21.715
NASDAQ	299.140	255.847	294.459
NYSE			
Issues Traded	2,957	2,944	2,932
Rises	1,134	971	1,345
Falls	1,123	1,298	945
Unchanged	700	675	642
New Highs	27	25	24
New Lows	100	90	62

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). Ψ Subject to official recalculation.

4 pm close December 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17¾	11⅞	AAR	0.48	3.7	23	821	12⅞	12⅝	12⅞	+⅛
19	12⅝	A L Labs A	0.18	0.9	45	517	u19⅞	18¾	19⅞	+1½
79⅞	67⅞	AMP	1.68	2.3	22	2718	71⅞	70⅝	71½	+¾
72¾	49⅛	AMR			107	4430	51⅞	50⅞	50⅞	-⅝
6	3⅛	ARX			12	95	3⅞	3¾	3¾	
58⅛	38⅝	ASA	2.00	4.5	29	215	44⅞	44	44	-½
33	25⅞	AbbtL	0.76	2.3	18	22860	u33⅞	32½	33⅛	+⅞
16¾	11⅞	Abitibi Pr	0.50	3.8	12	158	13⅞	13½	13¼	+⅛
25⅞	17¾	ABM Ind	0.60	2.6	14	82	23½	23¼	23½	+¼
18	11⅛	Acpincelo			10	319	14⅝	14½	14½	+½
31	20¾	ACE Ltd	0.44	2.0	21	1478	22½	21½	22⅞	+½
12½	9	ACM Gvt In	1.09	11.5	8	728	9½	9⅜	9½	
10⅛	6⅞	ACM GvOpp	0.80	11.0		102	7⅝	7¼	7¼	
10⅝	6¾	ACM Gvt Sp	0.96	12.6		315	7⅝	7½	7⅝	
12	7⅝	ACM Gvt Se	1.09	12.7		305	8⅝	8½	8⅝	
11¾	7⅞	ACM Mun	1.08	13.1		227	8½	8¼	8¼	-⅛
9¾	6	ACM Managd	0.72	8.6		28	8½	8⅜	8⅜	
15½	8¾	AcmeClv	0.44	4.2	21	28	10½	10⅜	10⅜	-⅛
13⅞	6½	Acme Elect			13	104	13	12¾	12¾	-¼
31⅞	23	Acordia	0.60	1.9	16	19	u31¾	31⅛	31⅞	+⅞
13¾	5¾	Actava	0.36	3.8	2	125	9⅝	9⅜	9⅜	
18⅝	11¼	Acuson			27	316	16⅞	16⅝	16⅞	+¼
18⅞	15½	Adams Expr	0.68	4.4	0	264	15⅝	d15½	15⅝	
64	46½	Ad Micro	3.00	5.9		73	51¼	50½	51	+½
31¾	16¾	AdvMic	3.00	13.1	7	9603	23⅛	22¾	22⅞	
6⅞	5	Advest Grp	0.16	3.1	15	90	5¼	5⅛	5⅛	
20	15	Advo Inc	0.10	0.6	16	289	17⅛	17	17⅛	+⅛
64	49⅞	Aegon ADR	1.47	2.3	12	47	63¾	63⅝	63⅝	+½
65¾	42¼	AetnaL	2.76	5.8	6	4494	47⅞	46½	46¾	+¼

Continued on next page

صكنا من الاصل

4 pm close December 21

NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close December 21

AMEX COMPOSITE PRICES

4 pm close December 21

AMERICA

Mexico leads Latam plunge as Dow climbs

Wall Street

The US market appeared to have begun its year-end rally yesterday morning as equity prices surged, *writes Lisa Bransten in New York.*

By 1 pm, the Dow Jones Industrial Average was up 50.80 at 3,817.95. The more broadly based Standard & Poor's 500 rose 4.54 to 461.64, the American Stock Exchange composite increased by 1.94 to 427.24 and the Nasdaq composite gained 6.35 at 734.86. Trading volume on the NYSE came to 225m shares.

Aided by program trading, the Dow pushed up through the 3,800-point level late yesterday morning.

The index has not been able to hold above 3,800 since November 18, which was near the beginning of a sharp sell-off in the market. On November 22 the Dow plunged 91 points amid investor fears that the Federal Reserve, which had raised interest rates on November 15, would boost rates again in December.

By mid-December, however, sentiment had changed course and few expected a rate increase to come out of Tuesday's meeting of the Fed's open market committee. Uncertainty about a further rate increase had hung over the market, and some of yesterday's gains may have been due to the Fed's decision to maintain a steady monetary policy.

Many on Wall Street had come to believe that there would be no traditional year-end rally because of all the insecurity about interest rates. With chances of another rate increase this year low, investors yesterday were watching to see if the day's uptick could turn into a full-blown rally.

Cyclical stocks jumped with the market, the Morgan Stanley cyclical index adding 1.4 per cent. Mead rose $1¼ to $49¼, Tenneco was up $1 at $43½, International Paper firmed $⅝ to $75⅝ and United Technologies rose $1 to $62⅝.

Cigna lost 7.3 per cent, dropping $4⅞ to $61⅞, after A.M. Best lowered the insurance company's credit rating.

Shares in Aluminum Company of America put on $2 at $82⅞ after the company said it expected a gain of about $295m for the fourth quarter of this year after a loss of nearly $87m for the last quarter of 1993.

Intel, up $1⅞ at $62⅞, continued to gain from its announcement that it would replace flawed Pentium chips on demand. The shares had been under pressure because of negative publicity surrounding the chip's flaw. Shares in computer makers that use the Pentium chip were mixed. Dell Computer gained $1 at $39⅞ while Gateway 2000 lost $$\frac{1}{16}$$ at 22\frac{5}{16}$.

GenCorp rose $1 to $11⅝ after the company announced it was looking for a buyer for its Aerojet unit.

Canada

Toronto enjoyed a third day of solid gains, but the upward trend stirred fears that the market was reaching its short-term highs.

The TSE 300 composite index rose 22.77 to 4,176.90 at noon in hefty volume of 49.16m shares.

All of the 14 sub-indices were ahead at noon, with real estate and construction posting the steepest gains.

Real estate gained 2.3 per cent as Bramalea rose 15 cents to C$1.45.

The financial services sector continued to put in a strong performance for the second straight day, addingh 1.0 per cent.

Mexico

Mexican stocks went into free-fall as investors were taken by surprise by the 255 basis-point rise in local interest rates to 16 per cent.

By midsession the IPC index had plunged 11 per cent, down 253.00 at 2.021.17.

The rate move followed a 15 per cent devaluation of the peso on Tuesday, which had been triggered by the outflow of capital, particularly from US and European investors, as a result of violence in the southern state of Chiapas.

Investors were now worried that the government might be forced to make a second devaluation, commented analysts in London.

However, Mr Nigel Rendell, emerging markets strategist at James Capel, remained positive on the market, assuming there was no further devaluation. He argued that while the initial consequences of devaluation for some companies would be negative, over a longer time period the negatives should be outweighed by positives, namely export growth and, hopefully, lower interest rates; while companies with substantial dollar earnings should outperform.

Mr Roger Palmer, director of emerging markets at Kleinwort Benson, took a similar line, and suspected that the market was going through a storm which would gradually subside. He now saw company earnings growth between 30 to 40 per cent in 1995.

Brazil

Shares in São Paulo plummeted 5.2 per cent in reaction to the news from Mexico.

The Bovespa index was off 2,514 at 45,477 by 3.30 pm in turnover of R$293.2m ($341.3m).

● In Buenos Aires the Merval index was down 7.3 per cent by 3 pm on worries about the fallout from Tuesday's devaluation of the peso.

SOUTH AFRICA

Gold shares rallied on gains in the bullion price. The overall index was up 56.1 to 5,803.2, the industrial index moved ahead 34.5 to 6,917.9 and the golds index jumped 70.7 or 3.7 per cent to 1,971.5, having earlier touched 1,983. Vaal Reefs climbed R12 to R358 and Kloof R2 to R58.50. De Beers collected R1 at R94 and Anglos put on R1.50 at R236.50.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Market	No. of stocks	Dollar terms: Dec. 16 1994	% Change over week	% Change on Dec '93	Local currency terms: Dec. 16 1994	% Change over week	% Change on Dec '93
Latin America	(207)	692.89	-1.6	+6.5			
Argentina	(24)	846.11	+3.4	-14.9	518,384.38	+3.4	-15.0
Brazil	(57)	424.34	+2.6	+82.3	1,345,658,830	+2.9	+1,224.2
Chile	(25)	799.87	-1.3	+45.0	1,294.36	-0.4	+35.8
Colombia[1]	(11)	751.82	-1.4	+16.6	1,105.09	-1.6	+19.2
Mexico	(67)	826.99	-5.7	-17.8	1,234.88	-5.4	-8.5
Peru[2]	(11)	191.94	+1.6	+58.7	239.03	-3.1	+50.3
Venezuela[3]	(12)	471.06	+2.2	-20.4	1,839.52	+2.2	+29.4
Asia	(558)	242.65	+2.7	-16.6			
China[4]	(18)	79.41	+1.3	-46.8	85.13	+1.2	-48.1
South Korea[5]	(156)	139.28	+0.3	+17.9	145.28	+0.6	+15.8
Philippines	(19)	291.90	+3.1	-14.3	339.56	+3.5	-23.5
Taiwan, China[6]	(90)	156.10	+1.4	+15.5	154.77	+1.5	+15.7
India[7]	(76)	123.74	-0.5	+6.2	137.91	-0.5	+7.1
Indonesia[8]	(38)	96.86	+3.2	-22.3	115.07	+3.1	-29.2
Malaysia	(104)	258.19	+3.5	-23.8	244.32	+3.5	-27.5
Pakistan[9]	(15)	364.62	-3.6	-6.0	508.83	-3.6	-3.7
Sri Lanka[10]	(5)	168.50	-5.1	-4.9	181.12	-4.8	-5.2
Thailand	(55)	379.74	+4.3	-20.5	378.69	+4.4	-21.6
Euro/Mid East	(125)	120.24	-2.7	-29.0			
Greece	(25)	222.69	-0.0	-2.2	366.16	-0.2	-4.8
Hungary[11]	(5)	153.53	-4.0	-7.9	208.52	-3.1	+3.3
Jordan	(13)	153.36	+0.2	-7.4	226.96	+0.3	-5.2
Poland[12]	(12)	465.46	+5.1	-43.1	712.99	+6.2	-35.4
Portugal	(25)	122.38	-1.4	+7.5	135.63	-1.4	-1.8
Turkey[13]	(40)	125.68	-5.2	-40.9	2,243.51	-2.6	+54.2
Zimbabwe[14]	(5)	245.52	-2.3	+21.5	303.02	-2.1	+41.8
Composite	(890)	330.47	+0.1	-7.1			

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are. (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec 31 1992; (11)Dec 31 1992; (12)Dec 31 1992; (13)Aug 4 1989; (14)July 2 1993.

The Indian equity market rates a cautious assessment by Nomura Securities, writes John Pitt. Noting that the BSE 30-share index has fallen by some 16 per cent since registering an all-time high of 4,630 in September, Ms Alison Southey, a Nomura strategist, says "a mixture of political, economic and international influences are combining to undermine the market, and we see no quick relief from this malaise".
At issue, she continues, is how the government will deliver the next steps in the reform process "without putting upward pressure on inflation and/or the budget deficit, both of which turned out worse than expected this year".
The political background remains uncertain, with local elections due soon and the general election scheduled for 1996. This being the case, the focus of economic policy management could become "dangerously short term", says Ms Southey. As a consequence, "there is a danger that the Asian style 'take-off', with high growth and low inflation, may still be a distant dream".

EUROPE

US revival underpins bourse recovery

The absence of a US interest rate rise, even with a subsequent fall in the Dow overnight, seemed to lay the foundations of yesterday's bourse recovery, *writes Our Markets Staff.* In the afternoon, Wall Street's revival took the process further.

FRANKFURT looked tentative on the session with a Dax index rise of 6.73 to 2,086.66; but at the end of the afternoon the Ibis-indicated Dax was 15.34 higher at 2,095.50.

Turnover eased from DM4.5bn to DM4.4bn. Chemicals led shares upward, Bayer ending the afternoon DM8 higher at DM361.50, and Hoechst rising even faster with a gain of DM8.40 to DM828. There was talk of small fund buying of the sector and, late in the day, of Hoechst's planned price rises for technical fibres.

Mr Shaw Bridges, European chemicals specialist at Merrill Lynch in London, said that the industry had seen good increases in physical sales volume, and was now moving into a period of better pricing. Hoechst had experienced disappointing profit margins for a long time; it had also been relatively late in restructuring its operations, with the cost-cutting that this entailed, but analysts now seemed to believe that the process was well under way.

PARIS caught the tail of Wall Street's opening rally and the CAC-40 index accelerated 16.17 to 1,940.89.

Smith New Court put a buy note out on Valeo, up FFr8.50 at FFr248.50, and made a case for the car components manufacturer's being the target of a takeover bid. It argued that:

● the company was relatively small;

● its major shareholder, the holding company, Cerus, remained in bad financial shape and "would not be in a position to defend Valeo if a raider attacked";

● the company would be net cash positive by the end of next year, and by 1996 the cash pile could amount to more than FFr3bn. "Clearly, the cash could be attractive to a raider," added the broker.

Bolloré Technologies, the diversified industrial group, added FFr7.80 to FFr447.00 as it confirmed reports that it was negotiating the sale of 11 ships for around FFr800m. If successful, the sale would cut the group's debt to some FFr4bn.

MILAN stood aloof from the drama unfolding in parliament and the market continued to rally for a sixth consecutive day, with the weak lira again providing the catalyst for foreign equity investors. The Comit index rose 11.15 or 1.8 per cent to L624.06 on the view that, one way or another, the government of Mr Silvio Berlusconi was about to fall.

The index has bounced by 7.4 per cent from its year's low on December 13. Foreign investors have been attracted by expectations that the government would be replaced by a so-called institutional government, headed by a non-partisan prime minister from outside parliament, which would quickly bring an end to the political uncertainty.

Mr John Stewart at InterEuropa in Milan, warned, however that foreign markets were probably over-optimistic about how quickly an institutional government might be formed. He added that domestic investors thought that fresh elections were more likely.

Among blue chips, Fiat rose L125 or 2.1 per cent to L5,974 as the company reiterated that it had recorded "an extraordinary turnaround" in 1994.

Stet rose L123 to L4,563 after announcing that consolidated net profit for 1994 would be around L2,000bn, up from L1,530bn last year.

ZURICH saw the SMI index 21.4 higher at 2,636.1 in relatively active trading. Roche certificates extended Tuesday's solid gain, closing SFr110 higher at SFr6,300, benefiting from the relatively strong dollar.

Among second liners, Ems-Chemie rose SFr100 to SFr3,930 as SBC issued warrants on the share.

MADRID's equity market mirrored weakness in the peseta and in domestic bonds, shaken by a further high level arrest in connection with vigilante attacks on the Basque separatist group, Eta. The general index fell another 1.87 to 291.59, threatening the 1994 low of 288.65.

Some relief from the gloom came from the planned introduction to the Ibex-35 index of leading stocks, from January 2, of the paper group, Empresa Nacional de Celulosa (Ence), and the fashion retailer, Cortefiel, whose shares rose Pta30 to Pta3,195 and Pta40 to Pta3,995 respectively. But the departing stocks, Aguas de Barcelona and the builder, Huarte, fell by more than the newcomers rose, with drops of Pta75 to Pta2,465 and Pta30 to Pta1,330.

AMSTERDAM moved firmly ahead although trading activity remained relatively muted. The AEX index added 2.71 to 413.35, just below its session best.

VNU, up Fl 2.70 at Fl 178.80, announced after the close of business that it was acquiring a UK information company, Calyx.

Among the multinationals there was a gain of Fl 3.30 in Unilever to Fl 202.20 as investors applauded its recent reorganisation announcement.

Written and edited by William Cochrane, John Pitt and Michael Morgan

FT-SE Actuaries Share Indices

Dec 21 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1337.31	1337.04	1337.40	1337.76	1338.25	1338.27	1339.72	1340.23
FT-SE Eurotrack 200	1384.19	1383.37	1382.85	1383.38	1382.68	1383.50	1384.82	1385.60

	Dec 20	Dec 19	Dec 16	Dec 15	Dec 14
FT-SE Eurotrack 100	1333.21	1332.17	1329.65	1325.74	1316.82
FT-SE Eurotrack 200	1380.10	1386.91	1378.77	1372.89	1365.54

Base 1000 (26/10/90); High/day: 100 - 1340.32; 200 - 1385.77 Low/day: 100 - 1336.53 200 - 1380.07 † Partial

ASIA PACIFIC

Kuala Lumpur strong as Nikkei falls back

Tokyo

Profit-taking by traders and domestic institutions left the Nikkei 225 average lower, in spite of arbitrage linked buying in the morning session, *writes Emiko Terazono in Tokyo.*

The index lost 66.31 at 19,340.67 after a day's high of 19,454.79 and low of 19,277.26. Arbitrage buying countered early morning profit-taking, but large-lot sales by domestic institutions finally prompted a decline in the index.

Volume was 282m shares, against 293m. The Topix index of all first section stocks dipped 2.89 to 1,522.01 and the Nikkei 300 eased 0.90 to 280.86. Losers led gainers by 534 to 465, with 195 issues unchanged. In London the ISE/Nikkei 50 index shed 2.52 to 1,265.25.

Traders said corporate profit-taking, to realise profits ahead of the March year-end, would continue. While public postal insurance and state pension funds supported shares against the prospect of a sharp fall during October and November, analysts expect such purchases to wane during the second half to March. "The funds probably have not much over Y500bn left available for investment within this fiscal year," commented Mr Jason James at James Capel.

Some dealers expected that, in order to generate funds, public fund managers would take profits when the index rose. "It could mean more selling pressure ahead of the March year-end," said a Japanese brokerage official.

Individual investors traded in the second section and over-the-counter market. The second section index, however declined 7.20 to 2,066.01.

High-technology issues, bought recently on the "multimedia" theme, retreated on profit-taking. Hitachi fell Y9 to Y960 and Sony Y20 to Y5,530.

Japan Tobacco rose Y12,000 to Y936,000 on buying by overseas investors and banks. Traders said many investors felt that profit-taking in the stock had run its course.

Drugs companies, which had been bought by investors attracted by low valuations, receded on profit-taking. Tanabe Seiyaku shed Y31 to Y789 and Taisho Pharmaceutical Y40 to Y1,810.

In Osaka, the OSE average rose 50.18 to 21,096.03 in volume of 136.8m shares. Turnover ballooned due to cross-trading, or selling and buying back of shares by the same investor.

Roundup

A number of factors influenced the region's trading yesterday.

KUALA LUMPUR extended the week's strong climb, the composite index adding 15.98 or 1.7 per cent at 982.17, helped by gains in key blue chip stocks. The index has risen 3.7 per cent since Monday morning. Dealers said some of the buying was linked to renewed talk that the government might call a general election early next year instead of waiting until October.

SEOUL saw a technical rally after recent losses, with broad gains seen among smaller-capitalised shares. The composite index firmed 2.86 to 1,026.85.

Samsung Electronics gained Won2,500 at Won109,500 on the belief that the share price had now bottomed, while the company's plan to buy back its own shares also bolstered investor sentiment.

HONG KONG encountered some late selective buying which overcame early profit-taking, although trade was relatively slow as many major investors had already closed their books for the holidays.

The Hang Seng index was finally ahead 64.23 at 8,331.56, after a day's low of 8,230.32, in turnover of HK$2.8bn.

TAIPEI moved higher on bargain hunting in strong industrials. The weighted index rose 85.32 or 1.2 per cent to 7,010.60 and turnover was heavy at T$102bn.

Brokers remarked that the release of November export orders helped to strengthen investor optimism.

Textiles were the main gainers, Hualon rising by the daily 7 per cent limit to T$38.30 and Chung Shing T$1.40 to T$22.80.

MANILA surged following the US Federal Reserve's decision to keep interest rates steady. The composite index advanced 50.55 to 2,790.59. All sectors posted rises, with commercial-industrial stocks leading the way and adding 60.12 at 4,097.29.

SYDNEY closed higher in subdued pre-Christmas trading, boosted by a stronger golds sector. The All Ordinaries index rose 6.9 to 1,905.5, while the golds group moved ahead 27.8 or 1.5 per cent to 1,867.0. Volume was 158m shares worth A$525m.

BOMBAY held firm in low volume on late buying by local funds, combined with purchases by jobbers covering their year-end short positions. The BSE-30 index edged 15.05 higher to 3,912.63.

SINGAPORE was relieved that the Federal Reserve had not acted to increase US interest rates and the Straits Times Industrial index jumped 34.02 to 2,217.48 in improved volume of 136m shares.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	Tue Dec 20 1994: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	Mon Dec 19 1994: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Dollar index: 52 week High	52 week Low	Year ago (approx)
Australia (68)	170.79	-0.4	162.28	108.28	139.58	146.45	-0.1	3.93	171.46	162.82	108.55	140.29	146.62	189.15	157.28	158.83
Austria (16)	177.40	-0.1	168.57	112.48	144.99	144.97	-0.2	1.12	177.58	168.63	112.42	145.29	145.30	196.89	167.46	178.54
Belgium (35)	165.22	-0.3	156.99	104.75	135.03	131.68	-0.4	4.19	165.67	157.32	104.69	135.55	132.26	177.04	160.46	160.46
Brazil (29)	175.42	-3.0	166.68	111.21	143.36	275.10	-2.4	0.75	180.75	171.64	114.43	147.89	261.97	-	-	-
Canada (103)	128.31	0.3	121.92	81.35	104.86	129.49	0.4	2.67	127.87	121.43	80.96	104.63	128.92	145.31	120.54	131.73
Denmark (33)	237.34	0.3	225.52	150.48	193.97	199.23	0.2	1.49	236.61	224.68	149.79	193.59	198.73	275.79	234.08	234.08
Finland (24)	177.70	0.4	168.84	112.66	145.22	181.54	0.2	0.77	176.93	168.01	112.02	144.77	181.11	201.41	119.89	119.89
France (102)	163.11	-0.3	154.98	103.41	133.30	138.76	-0.3	3.09	163.53	155.29	103.53	133.80	139.22	185.37	159.34	173.62
Germany (58)	139.64	0.4	132.68	88.53	114.12	114.12	0.2	1.82	139.13	132.12	88.09	113.84	113.84	150.40	128.37	137.32
Hong Kong (56)	330.57	0.8	314.11	209.59	270.17	328.39	0.8	3.77	327.97	311.45	207.64	268.35	325.81	506.56	305.89	443.96
Ireland (14)	197.76	0.1	187.91	125.38	161.62	180.98	-0.1	3.53	197.54	187.58	125.06	161.63	181.12	216.60	177.56	163.38
Italy (59)	71.69	1.6	68.12	45.45	58.59	88.29	1.8	1.79	70.62	68.97	44.65	57.70	86.75	97.78	65.67	69.06
Japan (466)	153.25	0.6	145.62	97.16	125.25	97.16	0.7	0.79	152.41	144.73	96.49	124.71	96.49	170.10	127.18	131.90
Malaysia (97)	472.89	1.1	449.34	299.82	386.48	465.84	0.7	1.81	467.86	444.30	296.21	382.83	462.40	621.63	430.71	538.74
Mexico (18)	1667.76	-8.8	1584.66	1057.37	1362.99	7084.05	2.2	1.44	1829.58	1737.36	1158.29	1496.96	6930.67	2647.08	1667.76	2257.97
Netherland (19)	211.88	0.1	201.33	134.34	173.17	170.25	0.0	3.39	211.73	201.06	134.04	173.24	170.24	223.30	191.28	198.25
New Zealand (14)	71.64	0.1	68.07	45.42	58.55	59.56	0.3	4.91	71.58	67.97	45.32	58.57	59.36	77.59	62.05	63.96
Norway (23)	202.55	-0.1	192.46	128.42	165.54	188.71	0.1	1.75	202.70	192.48	128.33	165.85	188.57	211.74	171.36	171.36
Singapore (44)	367.32	-0.2	349.03	232.89	300.21	247.65	-0.4	1.73	368.06	349.51	233.02	301.15	248.74	401.38	294.66	346.01
South Africa (59)	334.28	0.7	317.63	211.93	273.19	293.71	1.0	2.24	332.07	315.33	210.23	271.70	290.69	342.00	205.55	245.09
Spain (38)	135.18	-1.1	128.45	85.71	110.48	135.60	-1.0	4.21	136.67	129.78	86.52	111.82	136.96	155.79	132.81	138.82
Sweden (36)	228.23	0.7	216.87	144.70	186.53	254.09	0.2	1.57	226.76	215.34	143.58	185.54	253.54	242.81	189.62	189.62
Switzerland (47)	161.37	0.7	153.34	102.31	131.88	133.02	0.4	1.83	160.28	152.20	101.47	131.14	132.46	176.56	149.61	158.36
Thailand (46)	156.27	1.3	148.48	99.08	127.71	152.32	1.2	2.41	154.33	146.55	97.70	126.27	150.51	-	-	-
United Kingdom (204)	193.71	0.7	184.06	122.81	158.31	184.06	0.7	4.19	192.41	182.71	121.81	157.43	182.71	214.96	181.11	202.37
USA (514)	187.05	-0.1	177.74	118.59	152.87	187.05	-0.1	2.96	187.33	177.89	118.60	153.27	187.33	196.04	178.95	189.69
Americas (663)	174.17	-0.3	165.49	110.43	142.34	145.25	-0.1	2.89	174.75	165.94	110.63	142.98	145.41	-	-	-
Europe (706)	166.53	0.4	158.23	105.58	136.10	149.97	0.3	3.13	165.87	157.51	105.01	135.72	149.45	178.58	160.69	167.35
Nordic (116)	217.66	0.5	206.82	138.00	177.89	207.26	0.2	1.43	216.60	205.68	137.13	177.22	206.81	233.91	182.47	182.47
Pacific Basin (793)	161.00	0.5	152.98	102.08	131.58	106.25	0.6	1.17	160.16	152.09	101.40	131.05	105.57	176.86	141.04	144.52
Euro-Pacific (1501)	163.21	0.5	155.08	103.48	133.39	123.63	0.5	2.02	162.45	154.27	102.85	132.92	122.90	175.14	153.52	153.86
North America (617)	183.41	-0.1	174.27	116.28	149.89	183.09	-0.1	2.95	183.64	174.38	116.28	150.25	183.31	192.73	175.67	186.10
Europe Ex. UK (504)	148.42	0.2	141.02	94.10	121.30	129.77	0.1	2.49	148.07	140.61	93.74	121.15	129.60	158.12	144.12	145.49
Pacific Ex. Japan (325)	237.93	0.4	226.08	150.85	194.46	208.38	0.4	3.19	237.01	225.07	150.05	193.93	207.59	298.21	224.17	264.79
World Ex. US (1709)	164.84	0.3	156.63	104.51	134.72	127.10	0.5	2.02	164.29	156.01	104.01	134.42	126.45	176.65	155.28	155.62
World Ex. UK (2019)	169.00	0.1	160.58	107.16	138.12	141.68	0.2	2.15	168.81	160.31	106.87	138.12	141.35	178.59	162.28	162.53
World Ex. Japan (1755)	182.59	0.0	173.49	115.76	149.22	174.01	0.1	2.99	182.57	173.37	115.69	149.36	173.81	195.20	176.34	185.48
The World Index (2223)	171.18	0.2	162.65	108.53	139.90	145.51	0.3	2.35	170.90	162.28	108.19	139.83	145.10	180.80	165.72	166.00

Latest prices were unavailable for this edition.

هكذا من الأصل